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Social Impact Bonds: Issues of Identity and Independence for the Voluntary Sector

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Social Impact Bonds: Issues of Identity and Independence for the Voluntary Sector

Josie Soutar

**A thesis submitted in partial fulfilment of the requirements of
Sheffield Hallam University
for the degree of Doctor of Philosophy**

December 2023

Candidate Declaration

I hereby declare that:

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2. None of the material contained in the thesis has been used in any other submission for an academic award.
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Abstract

This thesis explores Voluntary Sector (VS) engagement with Social Impact Bond (SIB) policy agenda in the UK. SIBs typically involve three parties: an (social) investor, a public agency and voluntary sector deliverers; and often a fourth party specialist intermediary. SIBs aim to encourage a collaborative approach to public service delivery with these different stakeholders coming together to co-design services that achieve both social change and cashable savings to the state. England has been a pioneer of SIBs which were introduced by the 2010 UK Government during a time when VS organisations faced unprecedented and widespread cuts to their funding. At the beginning of this study, the SIB literature was still relatively limited and emerging, but has grown over recent years. Despite developments in the SIB academic literature, there is a clear gap around the involvement of the VS as SIB delivery partners- a gap which this thesis aims to address.

Through the investigation of SIBs as a VS funding mechanism, this study sought to understand issues of identity, distinctiveness and independence for VS organisations in relation to the state and other actors. The thesis takes a novel approach to research methods, contributing to the knowledge of methodological strategies for the study of the VS. The research was conducted using a mixed-method research design combining frame analysis, Q method, focus groups and interviews. Through a new institutionalist approach, data were analysed at micro, meso and macro levels to explore the institutional logics at play in the framing of SIBs at multiple levels so as to understand VS responses, agency and decision-making in relation to SIBs.

This thesis provides empirical contributions to knowledge around the VS's relationship with the state, the evolution of the VS's role in delivering state social outcomes and VS leaders' attitudes to increasingly market-based state funding models. The thesis contributes to VS theory by finding that Salamon's Voluntary Failure Theory (1987) is limited in its application on 21st century VS organisations which are delivering social outcomes on behalf of the state. It concludes that the market-based commissioning processes which give access to state funding in fact continue to embed traditional inequitable power relations between the state and VS organisations.

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A huge thank you must first be given to the people who were willing to take part in the research, from the initial scoping interviews, Q method and focus groups, through to the final case study interviews. You are all extremely busy people, trying to make a difference for the people and communities you support. The thesis and its findings are all down to your willingness to give up your valuable time and to be so honest and open during the study.

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List of Abbreviations

CBO	Commissioning Better Outcomes Fund
EBPM	Evidence Based Policy Making
EOI	Expression Of Interest
NPG	New Public Governance
NPM	New Public Management
NPO	Not-for-Profit Organisation
SIB	Social Impact Bond
SPV	Special Purpose Vehicle
VCSE	Voluntary Community and Social Enterprise
VS	Voluntary Sector

Chapter 1: Introduction

1.1 Overview

England was a pioneer of Social Impact Bonds (SIBs) when they were first implemented by the UK Government in 2010, a time during which Voluntary Sector (VS) organisations were facing unprecedented and widespread cuts to their finances (McHugh, et al. 2013). SIBs have been promoted by Government as a 'definitive answer' to VS funding challenges (Del Giudice and Migliavacca, 2019), and by think-tanks, centres for social change and research institutes as a real opportunity for unlocking new funding (Mulgan et al. 2011). But there is little empirical evidence of the VS's attitude to the SIB market and little investigation into whether VS organisations are seeking or actually need new market-based models to fund the delivery of their activity other than for motivations of organisational survival (McGovern, 2016).

The main aim of this research was to explore VS engagement within the UK SIB agenda. The focus was on exploring the underlying institutional logics driving the market for SIBs and the rationalities VS actors deploy in response. There is a growing amount of research and academic discussion on the challenges and role of the UK VS in the 21st Century. Many VS organisations are having to operate under considerable pressure from Government to meet its policy agenda and from private sector businesses now competing in the same market for the delivery of services (Benson, 2015). SIBs are a small part of the VS funding landscape but noteworthy in that the premise of SIBs involves three different sectors (private, state and voluntary) working together to deliver better social outcomes while achieving value for money for the state. This thesis explores SIBs as a phenomenon through which to better understand the VS's operating environment. In doing so, it contributes to discussions around the impact of and rationale for the VS' ongoing relationship with the state.

This study explores VS engagement in the UK SIB agenda through a new institutional lens. An institutional logics perspective is used to investigate how organisations and organisational actors are affected and influenced by the institutional orders of state, market and community domains (Thornton, Ocasio and Lounsbury, 2012). By exploring the institutional logics at play in SIBs at multiple levels, this study focuses on issues of identity, distinctiveness and independence for VS organisations. Through the combination of three levels of analysis

(micro, meso and macro- Serpa and Ferreira, 2019) this study has identified the impact of SIBs on the operating environment of the VS and the VS' role within the SIB agenda. This approach addresses narrative gaps in the current SIB literature around the VS as SIB delivery partners and VS leader's attitudes towards new market-based models beyond motivations of organisational survival. This study is also of practical use to VS leaders in their understanding of SIBs and in making strategic decisions around whether to engage their organisation in the SIB agenda.

The thesis is centred on the following research questions:

1.2 Research Questions

1. What institutional logics are driving the UK Government's framing of the national SIB agenda?
2. How do the institutional logics of SIBs affect the Voluntary Sector's collective identity?
3. How are voluntary sector actors rationalising the institutional logics of the SIB agenda at local operational level?

1.3 Research Approach

Understanding the institutional logics at play around the Government's utilisation of SIBs was challenging. SIBs are a relatively new phenomena, with the first SIB implemented in the UK in 2010. Though the academic literature on SIBs has significantly grown over recent years, at the outset of this study the SIB literature was still relatively limited and emerging, with the majority of publications produced as policy briefings by government departments, industry leaders and think-tanks. Albertson et al. (2018) note that a cautious approach should be taken with this type of literature as it often bypasses the ideological and theoretical underpinning of the SIB policy agenda. The methodology and research design has thus been developed to respond to this challenge utilising a mixed-method approach which observes institutional logics across multiple levels to get beneath the institutional structures and meanings of the development of SIBs in relation to the VS.

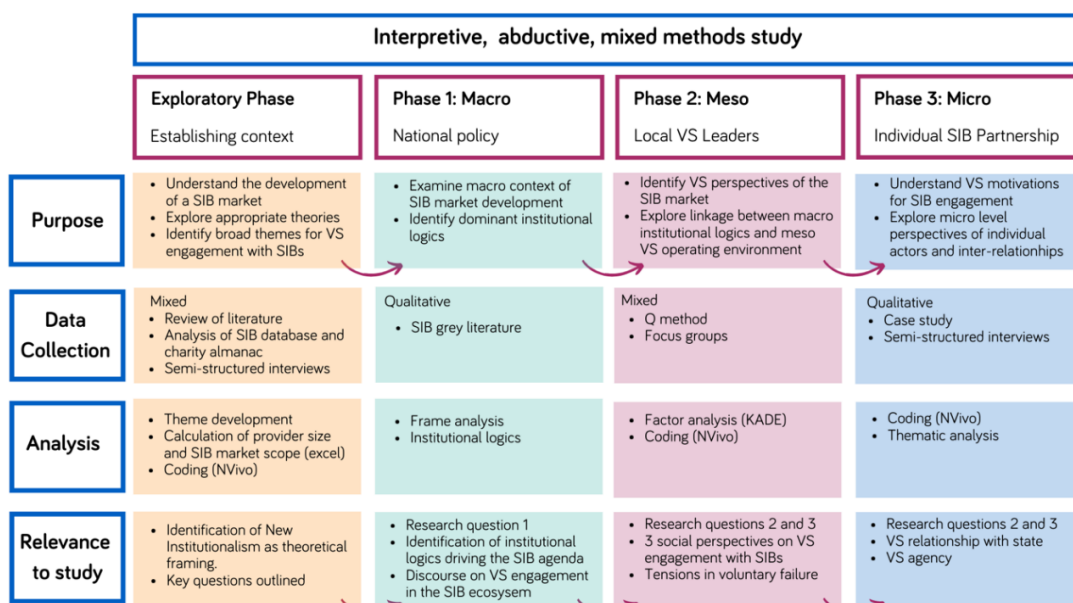
Macro-Meso-Micro analysis

To get beneath the multiple layers, this study investigates SIBs from a macro-meso-micro perspective (Serpa and Ferreira, 2019) to explore the linkages between the institutional structures that led to the introduction of the SIB market and on-the-ground practices of VS organisations and their leaders. Roberts (2020) identifies that:

- macro-level investigation involves the study of governance strategies which advance national interests and influence the architecture of the state;
- meso-level investigation involves the study of the organisations, programmes and practices which implement the strategies;
- micro-level investigation involves the study of the attitudes and behaviours of actors within organisations that are influenced by or subject to the governance strategies.

Figure 1.1 provides a way-finder of the design and methodology for each different phase of the research, including an initial exploratory phase that was deemed necessary in response to the limited and emerging literature on SIBs (Blaikie, 2008). Detailed information on figure 1.1 can be found in chapter 5.

Figure 1.1: Diagram of Research Design



1.4 Thesis Structure

The remainder of the thesis is split into 8 chapters.

Chapter 2 presents the literature on the background and policy context of public administration reforms that resulted in the introduction of a broader social investment market, before narrowing the focus on to the development of SIBs.

Chapter 3 reviews existing literature on the VS, drawing on Salamon's (1987) "voluntary failure" theory to understand discussions on VS relationships with the state. Exploratory research findings are interwoven, identifying the four broad key themes in relation to VS engagement with SIBs which supported the generation of the research questions for further analysis and theoretical framing of this study:

- Marketisation of health and social care
- VS relationship with the state
- VS behaviour change
- VS Agency

Chapter 4 outlines the theoretical and conceptual framework which underpins the study. It situates SIBs as a social construct within the wider social investment field through Granovetter's (1985) 'market embeddedness' and Beckert's (2009) three coordination problems. Chapter 4 continues by pulling together discussions on market development with Lowndes' (2009) three aspects of new institutionalism, identifying institutional logics as a framework to understand the development of SIBs.

Chapter 5 outlines the methodological and epistemological positions of the research conducted through a mixed-method design. The chapter provides details for each of the research phases identified in figure 1.1, and outlines the methods, including sampling, data collection and approaches to analysis. Chapter 5 concludes with a discussion on research conducted by an 'insider researcher' (Chavez, 2008), with a detailed section on reflexivity towards the end of the chapter.

Chapters 6 to 8 present the empirical findings from the research.

Phase 1 macro-level research is presented in chapter 6, conducted through a frame analysis unearthing the institutional logics found within the grey literature of SIBs.

Phase 2 meso-level research is presented in Chapter 7, building on the findings from phase 1 through Q method and focus groups with local VS leaders operating in Sheffield.

Phase 3 micro-level research is presented in Chapter 8, investigating a case study of a Sheffield SIB which failed to launch through interviews with key partners of the SIB partnership.

Finally, chapter 9 triangulates the findings from the three phases of research to draw conclusions and outline the study's relevance, contribution to knowledge and limitations.

1.5 Terminology

Social Impact Bond (SIB)

There is no generally accepted definition of a SIB (Ronicle, Stanworth and Hickman, 2019), however, they typically involve 3 parties: an (social) investor, a public agency and a voluntary sector deliverer. Often, a fourth party specialist intermediary is also involved. SIBs aim to encourage a collaborative approach to service delivery with these different sector stakeholders coming together to co-design services that deliver both social change and cashable savings to state services and central/local government (Tan, et al. 2015). A SIB is essentially a type of payment-by-results contract, in which a payment is made by a statutory commissioner contingent on the contracted provider achieving specified goals or targets (Albertson, et al. 2018).

Voluntary Sector (VS)

Alcock, Scott and Powell (2007) assert that "Defining the voluntary and community sector in the UK involves reflection on the nature of modern British society itself." (p.84). The recognition of the separate dimensions of 'market' and 'state' in a capitalist society, has led to an understanding of another dimension – that of 'civil society' encompassing social relations and social institutions, including a sector of organisations delivering voluntary and community activity. Courtney (2013) points out that finding an agreeable term for this 'sector' is

problematic. There are multiple ways of describing a sector whose primary purpose is to create social impact, which is largely not for profit (though not always), which encompasses mainly registered charities (but includes smaller unregistered community groups and other organisational forms), and which delivers services for public good (often difficult to define).

In the UK, organisations that collectively operate within this space are often referred to as part of the 'Voluntary Sector' (VS) (Kendall, 2003). The Wolfenden Committee on the Future of Voluntary Organisations (Wolfenden, 1978) was the first major review of voluntary organisations set up by and co-sponsored by the Joseph Rowntree Memorial Trust and the Carnegie United Kingdom Trust. Although the term 'the Voluntary Sector' had been used prior to this review (Davis Smith, 2019), following the Wolfenden Committee the Voluntary Sector became part of the lexicon of widely established terms (Huckfield, 2020). The legacy of this report is the shorthand term VCS, with the 'C' added to represent 'Community' and referring to a wide and very diverse group of organisations (Hogg and Baines, 2011).

NCVO's UK Civil Society Almanac defines the Voluntary Sector as a sector of organisations that have six common features:

1. Formality- institutionalised through a recognisable structure, constitution and formal set of rules.
2. Independence – being separate from the state and private sector.
3. Non-profit distributing – reinvesting profits into the organisation and the community that they service, rather to owners or directors.
4. Self-governance – determining their own course.
5. Voluntarism – through a trustee board, volunteers and donors.
6. Public benefit – social objectives and working to benefit the community.

NCVO (2021)

Although the VCS has been the long-established term, literature refers to the sector in multiple ways, which is indicative of the challenge to defining an overall classification of a sector that encompasses a vast diversity of organisations. Alcock, Scott and Powell (2007) identify that the sector is often referred to as what it is not, or in relation to the state and market. For example, the Third Sector was a definition created by New Labour as a way of

describing a collective of organisations that were neither the bureaucratic state nor profit-driven businesses (Hogg and Baines, 2011). Other tried terms include the Independent Sector or Non-statutory Sector, however these labels are problematic when considering organisations that receive most of their income through statutory contracts.

More recently the sector has been referred to as the VCSE, adopting the added 'E' to represent the inclusion of social enterprise. For some, this is a contentious issue, viewed as a representation of a Government discourse towards financialising welfare (Golka, 2019) and expanding the classification to include organisations who have characteristics more akin to for-profit businesses (McGovern, 2016). However, more recently the UK Government's Department for Culture, Media and Sport (DCMS) favours the term 'civil society'. Their Civil Society Strategy (2018) defines civil society as individuals and organisations that "act with the primary purpose of creating social value, independent of state control." (p12). The strategy makes clear links between individuals and organisations creating social value and social finance models utilising private investment, as in the case of SIBs.

For the purposes of this study, civil society is too broad a term, encompassing any organisations, interest groups and associations that fall outside of the state and the market (Carothers and Barndt, 2000). This study uses the term 'Voluntary Sector' (VS) rather than VCS or VCSE, as the focus is predominantly on organisations with a legal charitable status, delivering contracts on behalf of the state often in combination with grants and donative income, as these are largely the organisations involved in the SIB space (see chapter 3's exploratory research).

Interrelated Terms – ecosystem, market and fields

Terms such as ecosystem, market and field are interrelated concepts used in this thesis to describe different aspects of a SIB's operating environment. Rothschild (2004) describes a capitalist economy as a living ecosystem, "key phenomena observed in nature – competition, specialization, co-operation, exploitation, learning, growth, and several other – are also central at business life." (p.XI). The term 'ecosystem' in this thesis is used to set the parameters around the organised governance model of a SIB. The concept of an ecosystem recognises a purposeful arrangement between interconnected organisations (Pidun, Reeves,

and Schüssler, 2019), in this case from the state, financial and voluntary sectors, working towards creating a shared value proposition for delivering social outcomes using a SIB as the mechanism.

A SIB ecosystem differs to the concept of market: buyers (demand agents) and sellers (supply agents) exchanging goods and services (Beckert, 2009). As Warner (2020) identifies, the system of SIB development involves a small network of specialist actors focused on one product and therefore is not operating as an open market. In this thesis 'market' refers to the commissioning process and practices that the VS is subjected to by the state, where providers compete to receive state funding.

The term 'field' has been used as a way of situating the ecosystem of SIBs under the wider umbrella of social investment. Using strategic action field theory (Fligstein and McAdam, 2012), Golka (2019) identifies the emergence of social impact investing in the UK through a process where financial actors repositioned themselves as experts in the delivery of social impacts, thus gaining access to welfare state revenues. Therefore, in this thesis SIBs are not considered as a distinct field but as part of the wider social investment field.

The rise of the social investment field is further explored in chapter 2 and the ecosystem of SIBs is examined in greater detail in chapter 4.

Interrelated Terms – institutional logics, discourse and frames

New institutionalism as a theoretical framework includes a number of interrelated terms that act as filters, aiding analysis and helping with this study's understanding of the influence of institutions within different contexts. 'Institutional logics' has been used as a central concept within this study: a term that provides a shorthand for the path dependencies, organising principles and rules that legitimise institutional ideologies or certain belief systems within an institution (Coule and Patmore, 2013). Institutional logics are reproduced through 'discourse' via text, policy documentation, conventional rules, daily interactions, and narratives (Schmidt, 2010). The discourse is held together via a unifying concept of a 'frame' that signals to the reader how they should interpret and understand the issue or situation (Creed, Langstraat and Scully, 2002).

Institutional logics and discourse are examined in greater detail in chapter 4. Chapter 6 utilises the concept of a 'frame' as a central analysis tool for examining institutional logics within key SIB literature.

Chapter 2: Social investment and the introduction of SIBs

2.1 Introduction

It is impossible to understand the introduction of Social Impact Bonds (SIBs) without situating them within changes in public administration over the last 40 years, intended to modernise public service delivery through economic efficiency (Osborne, 2006).

This chapter begins with a brief overview of public administration reform as a way of understanding the broader context of policies that have laid the ground for the introduction of SIBs. To contextualise this further, the chapter continues with a discussion on the origins of social investment, identifying the key drivers for 'social investment' emerging into the public discourse as a distinct field. Finally, the chapter turns its focus onto Social Impact Bonds, introducing their overt purpose as an outcome-based commissioning mechanism for social welfare.

2.2 Public administration reform

New Public Management

Much of the literature on the VS, and its inclusion in the SIB agenda, (Albertson, Fox et al 2018; Del Giudice and Migliavacca 2019; Milbourne and Cushman, 2015) places emphasis on the emergence, over several decades, of New Public Management (NPM) (Hood, 1991). From the late 1970s public administration is described by Hood (1991) as following an international trend of NPM that dominated the bureaucratic reform agenda. Hood (1991) outlines four 'megatrends' that enabled NPM to thrive: attempts to slow down government growth (particularly public spending and staffing); privatisation; automation (predominantly through information technology); and globalisation.

In the UK context this new doctrine of public administration ideas had an additional accelerant in the ideology of the political party that was new into power. Giddens (1998) depicts Margaret Thatcher's Conservative Government as advocating a direct opposition to the classical social democracy of the previous 'old left' Government with a discourse "flying the flag of free markets" (p.4). NPM concepts placed an assertion of the superiority of private-sector management techniques to achieve efficiency and effectiveness in public service delivery (Osborne, 2006) – with output measurements, competition and contracts for

resource allocation favoured in a drive for modernisation (Hood, 1991). The neoliberal view of Thatcher's Government strongly supported NPM's push for modernisation through what Giddens (1998) describes as a belief in a utopian future of economic growth and universal prosperity made possible only through entrepreneurial leadership and market liberalisation.

New markets in health and social care

The NPM drive for efficiency and cost reductions in state delivery through open markets resulted in public service provision being opened out to private and voluntary sector providers through competitive tendering processes (Walker and Lawson, 2018). This marketised approach was embedded by the introduction of the National Health Service and Community Care Act (1990) legislation that split the provision of health care with the commissioning of health and social care services (Rees and Mullins, 2016). By the time New Labour came to power in 1997, large sections of public services were being delivered through outsourcing. New Labour acknowledged the particular importance of the VS' role in public service delivery with the launch of the 1998 Compact, which included a commitment by the state to the voluntary sector of intended fair dealings in its role as a funder (Courtney 2001). This allegiance between the state and VS, backed up by government policy, cemented certain parts of the voluntary sector (for example those organisations that were the right size to manage government funding and operated in fields that intersected with state policy) ever-increasing dependency on the state as a source of finance. Salamon's (1987) 'third party governance' through VS delivery organisations depicts an opportunity for the state to promote welfare support whilst reducing the scale of government's direct involvement: a key part of the neoliberal ideology. The other argument presented that the use of outside contractors lowers costs by stimulating competition and promoting economies of scale (McGovern, 2016).

Measuring change

Rather than reverse the NPM doctrine by returning to the more classical social democracy of the old left where markets are confined (Giddens, 1998), New Labour's strategy of distinction was to build on the NPM's drive for efficiency and cost savings, but through what Wells (2018) outlines as more evidenced based policy making (EBPM). With a technocratic and arguably instrumental ethos (Sanderson, 2002), EBPM aligned itself with the modernisation agenda,

however rather than social reform driven by ideology, EBPM emphasised the importance of policy development through sound evidence gathering and an understanding of ‘what works’ (Sanderson, 2002); the start of a more outcome focused approach to social welfare.

The 2010 Coalition and subsequent Conservative Government continued to focus on state rollback, predominantly through welfare provision, with the emphasis on privatising public services by enthusiastically adopting more market-based and competitive tools (Milbourne and Murray, 2017). ‘Payment-by-Results’ was a departure in commissioning from more traditional approaches – which provided fees for services upfront- to deferring payment only when set outputs had been achieved. This transferred risk of service failure from the Government to provider and required the delivery organisation to have large capital reserves (Albertson, Fox et al., 2018). Under the narrative of ‘austerity’ there was an ongoing shift in balance between the relationships of state, market interests and the VS. Levitas (2012, p.31, as cited in McGovern, 2016) outlines that the ‘establishment’ and their use of ‘austerity language’ has become a justification for neoliberal economic and social policy that make cuts to provision. However, unlike New Labour’s more VS friendly era, Buckingham and Rees (2016) identify the subsequent Government as preferring private sector involvement with an assumed advantage of efficiency in scale, operations and costs.

The crisis of capitalism

In 1998 Giddens proclaimed neoliberalism to be in trouble: the idea of market fundamentalism and all its hopes pinned on a future of economic growth through liberation of market forces, directly opposed conservatism and its more cautious mantra towards economic change. But neoliberal ideology and NPM approaches to public services appear to have continued to dominate under the Government that came into power in 2010 – according to the UK Quarterly Outsourcing Index the outsourcing of statutory services continued to grow with deals of a market value worth £4.93bn by 2017 (Arvato, 2018). Yet 40 years on from the start of Thatcher’s Government, the modern world looks like a very different place. The literature depicts widespread complex social problems such as an ageing population, the rise of new technology and income inequality having led to increased demands on public services (Aalbers, 2016; Cottam, 2011; Torvinene and Ulkuniemi, 2016). These drivers have placed significant pressures on public procurement practices with radical

reform and various market-based tools introduced to sustain, innovate or reduce levels of welfare spending (Mulgan, et al. 2011).

Giddens' (1998) concerns about market societies undermining traditional structures of authority and fracturing local communities, seems so relevant to today's stateless conglomerates, giant tech companies and the inequality of wealth accumulation. Cottam (2011) fears a blurring of boundaries between the economy and the welfare state with the social and cultural effect of market reforms intensifying the transactional relationship in welfare support rather than a 'more human, caring and time rich' approach. Add this to the austerity politics outlined by Wells (2018) of, not only a drive for cuts to public expenditure, but the active withdrawal of the state from areas of social, economic and political life, and it can seem like Hood's (1991) identified megatrends of NPM and the capitalist free-market methodology have failed to deliver on promises of universal prosperity.

A thorough examination of public administration reforms is beyond the scope of this study, but they are still an important reference point for the foundations of the technocratic and market-based logics to welfare, which have led to the introduction of a market for SIBs. The privatisation agenda is primarily driven by ideology but is also promoted as a response to austerity, requiring new commissioning and procurement regimes and utilising private sector practices (Benson, 2015). SIBs are intrinsically connected to this larger public sector reform agenda, with what Williams (2019, p.24) describes as "scarcity being used as a leverage point to expand the use of outcomes-based commissioning".

2.3 The rise of social investment

Health and welfare as an investment proposition

It is against this backdrop that Nicholls (2010) outlined the distinct field of 'social investment' emerging into the public discourse. After the 2008 global financial crisis, social finance grew rapidly especially in the US and UK social services sector, which had experienced particularly deep austerity cuts. The idea of using financial mechanisms to achieve social outcomes fitted with "the neo-liberal zeitgeist" (Bell, 2021, p. 634). In Aalbers' (2016) study on the financialisation of housing, he describes a "wall of money" being made available to non-financial firms and industries- the financial crash of 2008 causing financial returns to falter in

some asset classes, therefore investors sought to diversify and move into a new class of asset. Key areas emerge in which financialisation starts to unfold, includes new commodities like social housing, the environment and healthcare. Like Giddens' (1998) Third Way Politics, the social investment market advocates a new mixed economy with synergy between public and private sectors, utilising dynamism of markets but with the public interest in mind.

A report on behalf of the Young Foundation (Mulgan, et al. 2011) acknowledges that commercial investors may, in part, be motivated by social investment because of the likely growth of key social industries in health, education and welfare, but that there is also a new appetite for demonstrating social impact as well as commercial impact. Due to the perceived failures of the market, the focus of social investment is on projects that address specific social needs. Rosenman (2017) identifies that central actors of the capitalist system such as investment banks, governments and philanthropic foundations proclaim the ethos of social investment as a coming together of more “contemporary financial, neoliberal and market processes that together regulate poverty and social reproduction under capitalism” (p. 142). Perceived as a response to market failure, Rosenman (2017) is sceptical and sees social finance as an attempt to “resolve the unequal and often unjust results of capitalism with the application of more capitalism” (p. 142). Bell (2021) is equally unconvinced, describing social investment as a ‘hollow field’ that has succeeded in merely legitimising itself through an institutionalised process, rather than correcting market failure or creating significant social impacts.

Outsourcing and commissioning

Investments for social outcomes is not a new idea, as has been demonstrated by churches, mutual society co-operatives and charities, for centuries (Nicholls, 2010). ‘Social Investment’ as a distinct market field is, however, a logical next step in NPM (Albertson, et al. 2018). Performance management processes and automation take the form of outcomes-based commissioning through the implementation of payment by results contracts and government backed loans presented as ‘social impact investing’. Aalbers (2016) states that markets first need to be created before privatisation and financialisation can be fully developed. Albertson, et al. (2018) believe that social investment means developing a market for welfare provision that combines a number of complex agendas: the efficiency of private sector provision; the

reach and innovation of the third sector; the currency of returns on investment for social outcomes.

According to Osborne (2006), NPM can be perceived as being too one-dimensional in the management and governance of public services, particularly when more pluralistic mechanisms, involving public, private and voluntary sector providers, are being utilised for the delivery of public services. Branded by Labour's Shadow Justice Secretary as an 'ideological experiment', the Conservative Government's 2014 reforms to the UK probation services through outsourcing and payment-by-result contracts did not result in the hoped-for service efficiencies and cost-savings to public expenditure. A 2018 Guardian newspaper article (Grierson, 27th July 2018) reported that the Government have bailed out private probation companies (including voluntary sector sub-contractors) for more than half a billion pounds after they failed to deliver on promised social outcome targets. Walker and Lawson's report for the New Local Government Network (2018) criticises both the Conservative Government and Labour's response to high-profile failings in the outsourcing of public service delivery, stating there is too much emphasis on delivery rather than long-term outcomes or addressing rising demands. It is little wonder then that payment by results contracts, with their roots in the NPM doctrine have come under considerable criticism for failing to address the underlying causes of complex social problems.

2.4 Social Impact Bonds

New Public Governance

SIBs are framed through the broader sphere of social investment (Broccardo, Mazzuca, and Frigotto, 2019) and payment-by-results mechanisms (Albertson, et al. 2018). The need for a more holistic approach to public administration management has led to the emergence of a new paradigm, what Osborne (2006) calls New Public Governance (NPG). NPG continues to emphasise the importance of service effectiveness through a focus on outcomes but recognises the inter-relationships between the different stakeholders in the contribution to public service delivery. NPG as an evolution from NPM has not yielded significant changes to commissioning structures, apart from the development of Social Impact Bonds (SIBs) (Dayson, Fraser and Lowe, 2020). With the typical involvement of 3 parties from the investment field, public sector and voluntary sector, in theory, these different sector stakeholders coming

together to co-design services, means SIBs aim to encourage a collaborative approach to service delivery that ties in with the trust-based contracts of NPG (Osborne, 2006).

Blending of financial and social outcomes

SIBs can also be understood as a class of payment by results and analysed as a logical growth of outcomes-based performance management (Fox and Albertson, 2011). Crucial to social investment is the ability to quantify and monetise social returns (Wells, 2012). SIBs set out to blend financial returns for private investors; social returns for public service beneficiaries and cashable returns to government commissioners. As a result, they usually target costly, complex and intractable social problems to maximise these returns (Dayson, Fraser and Lowe, 2020). Criticisms of SIBs, and more broadly of social investment, has largely been a cautionary tale of financial logic leading to the commodification of human beings (Broccardo, Mazzuca and Frigotto, 2019) and the marketisation of the poor (Rosenman, 2017). In the exploratory research presented in chapter 3, commissioner and funding manager interviewees identified that there are significant challenges with financial forecasts based on changing beneficiary behaviour, not least because people are not always predictable, but also because the emphasis during austerity can shift focus from cashable savings for the state, to state cost avoidance.

The Policy Innovation Research Unit's (PIRU) evaluation of SIBs in health and social care identifies that social investors and financial intermediaries see the health and social care system as one of the main areas for growth and opportunity (Tan. et al, 2015). The commodification process sees classifications such as 'children at risk', recidivism and homelessness, become opportunities for policy experimentation, taking the form of concerted market-based interventions that transform the classification from "a cost to an investment proposition, and from an intractable problem of government to a source of returns for private investors" (Neyland, 2018, p.493). SIBs, with the introduction of private capital and social investors, emphasise "a financial logic as the 'fix'" (Carter, 2019, p.2). The logic is that social investment can recycle funds into more good causes while changing the behaviours of the deliverers of social care (state and VS) and their financial capability.

SIBs involve the Government paying capital returns to investors (Olson, et al. 2022). Like broader social investment ideologies, investor motivation is largely a blended approach of both profit and social outcomes, with investment targeted at state social expenditure. England has become a pioneer of SIBs, presented by the UK Government as expected to improve the shortcomings of previous outcome-based commissioning models and a more locally developed answer to the problems faced by marginalised populations with entrenched problems (Tan, et al. 2015). The shortcomings of previous social investment models and their reputational/financial risks to Government are presumed to be minimised, as one of the advantages of a SIB is the real risk transfer away from the statutory commissioner and onto (on paper at least) the investor (Reeder, et al. 2010). Along with the risk mitigation, motivations for cash-strapped local authorities to develop SIBs lies in their ability to offer new solutions to engrained social problems and change ‘the system’ during a period of austerity.

2.5 Public, private and voluntary sector gains

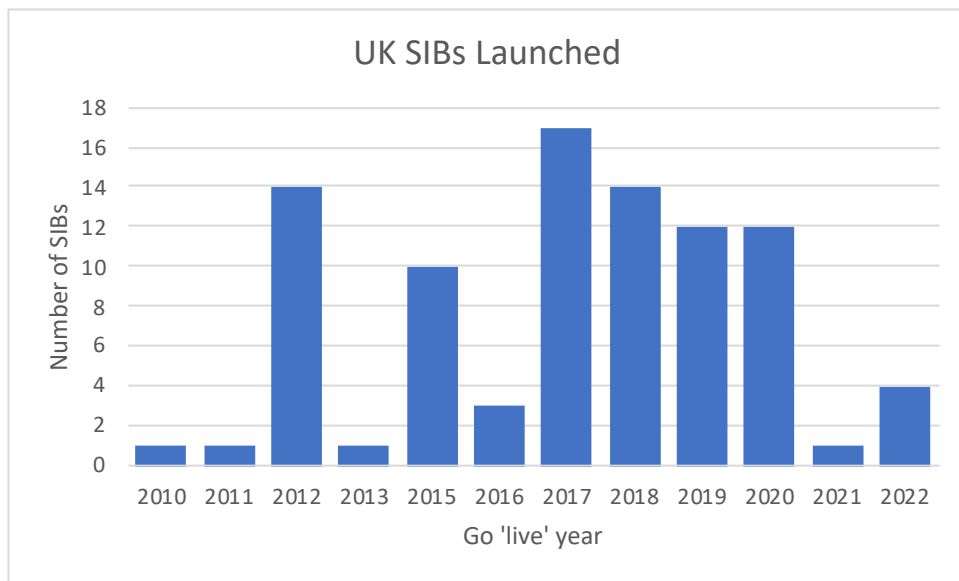
When SIBs were first introduced by government they were presented as a win-win-win scenario, for the public, private and voluntary sectors (Williams, 2019). As the SIB ecosystem has yet to reach maturity, beyond the win-win-win rhetoric, transparency and accountability on the impact of SIBs across the public, private, or VS has been limited. SIB research has focused on commentary or descriptive SIB evaluation reports or theories around SIB ecosystem developments (Olson, et al. 2022). Broccardo, et al. (2019) conducted a comprehensive review of the academic literature of SIBs dividing studies into two broad groups: firstly, studies that focused on the risks and potential benefits of SIBs, and secondly critiques of the impact of SIBs as a financialisation process to social service provision. They determined that due to limitations of available primary data in the SIB field, any appropriate judgements on the benefits of SIBs were difficult to conclude.

Public sector

In terms of the gains for the public sector, the Government’s overt objective for the introduction of the SIB model was to use market forces to achieve social returns and reduce high costs to the taxpayer associated with complex social problems (Fraser, et al. 2018). Looking at the growth of the UK SIB market, table 2.1 (data extracted from INDIGO’s Impact Bond Data set, May 2023) shows the number of SIBs that have ‘gone live’ between 2010 –

2022. There are two growth peaks: one in the year 2012 and another between the years 2017-2020. These peaks coincide with periods where the SIB market has been heavily subsidised by National Government. In 2011 the DWP announced a £30m Innovation Fund (DWP) aimed at testing new models of delivery for disadvantaged young people through 10 SIBs. Launched in 2016, central Government’s Life Chances Fund, allocated a further £80m to grow the SIB market.

Table 2.1: UK SIBs that have been launched between 2010 and 2022



Through these two funding programmes alone, the UK Government has invested over £100m in the development of a market for SIBs. Yet, there is no available data on the amount of Government funding that has been paid out directly to financial investors for activities such as set-up fees or interest payments on their investments in comparison to the cashable savings achieved to the state. This lack of transparency makes it difficult to draw conclusions on the ‘value for money’ aspect of SIBs for the state or the sustainability of a market that perhaps would struggle to survive without significant intermediation from Government (Bell, 2021). Questions also remain about whether the social activity of SIB programs could be funded through other means.

Private sector

Private investors were given the promise of supplying a new market ripe for the picking (Maier, Barbetta and Godina, 2018) with opportunities of financial returns in new asset classes within health and social care, alongside the ability to achieve social outcomes (Neyland, 2018). Again, primary data on the risk-return ratio of SIBs for investors is either unavailable or non-existent outside individual investor's internal auditing processes (Maier, Barbetta and Godina, 2018). However, the SIB field does not appear to so far be the growth market that investors were initially led to believe. Nicholls and Pharoah (2008) identified potential issues around the demand-side of SIBs leading to a lack of opportunities for investors from the outset. In 2016, giving evidence to the Lords Select Committee on charities, Geoff Burnard, co-founder of Investing for Good, described SIBs as "incomprehensible to most mainstream investors and broadly irrelevant to front-line smaller charities" (as quoted in Civil Society, Ainsworth, 2016). This is further evidenced by a lack of investor diversity in the SIB market with Bridges Fund Management being the primary investor in nearly half of all UK SIBs (Olson, et al. 2022).

Voluntary sector

A significant part of the literature on SIBs, and more broadly the emergence of social investment, has examined both investor and public sector narratives. In their review of the SIB literature Fraser, et al. (2018) distinguished three SIB narratives: the public sector reform narrative; the financial-sector reform narrative and the cautionary narrative (mainly academic). Yet, SIBs have been promoted as having three key players and one of those players, the voluntary sector provider, is notable in their absence of voice in most of the literature. In Broccardo, Mazzuca and Frigotto's (2020) review of the academic literature, they refer to a growing body of studies focused on the risk and benefits for different sectors. However, in their study, 'sector' refers to the health and social care field that SIB outcomes are aimed at, rather than the risks or benefits to the VS itself. In broad terms, SIBs have been promoted to the VS as an opportunity for stable and sustainable funding that allows innovation in delivery (Maier, Barbetta and Godina, 2018). However, beyond SIB evaluations that include VS providers engaged in SIB delivery (see Ronicle, et al., Commissioning Better Outcomes Fund Evaluation- Summary Report Targeted at Service Providers, 2019), a broader and comprehensive understanding of why VS organisations should be involved in the delivery of SIBs, is largely absent. Walker and Lawson's (2018) report on behalf of the New Local

Government Network, focused on rethinking partnerships between the public and private sectors, and acknowledge that “what can’t get lost in the polarised debate of in-house versus outsourced is the unique understanding and insight into provision of services from the VCS” (p.23), yet they do not attempt to explain or explore what this ‘unique understanding and insight’ is. Bell (2021) outlines a dissonance between the experience of the players in the fields of finance, Government and policy development versus the investees and supposed beneficiaries. The few studies that have focused specifically on the VS in SIB development (Dayson, Lowe and Fraser, 2020; McHugh, et al., 2013; Lowe, et al. 2018) have done so with cautionary tales for VS organisations interested in delivering SIBs. For VS leaders it is difficult to understand the impact of SIBs on the VS operating environment; a gap in knowledge that this thesis aims to address.

2.6 Conclusion

This chapter has outlined public administration reforms and key policy areas in the UK that have influenced the introduction of SIBs.

To summarise, over several decades NPM (Hood, 1991) has dominated the bureaucratic reform agenda with a focus on slowing down and reducing public spending, an emphasis on value for money for the state through outsourcing and market development, with progress measured through a technocratic approach to policy development. Following the 2008 global financial crash, policy makers began to look for new ways to develop a more mixed economy. This new approach would continue to utilise the dynamisms of the market, but rather than focused on growth largely in the financial economy, policy makers looked to utilise investment mechanisms that would also deliver public benefits. As a result, the field of social investment grew rapidly in the UK health and social care sector. There followed some high-profile failures to these reforms. Most notably the outsourcing and payment-by-result contracts for the UK probation services, which required a considerable bailout from Government rather than the promised efficiencies and cost-savings to public expenditure. Failings were deemed due to contracts that had a narrow focus on output delivery rather than long-term outcomes. As a result, policy makers looked for a more pluralistic mechanism for outsourcing and

commissioning that recognised the strengths of delivery partners but minimised the risk to Government of service failure.

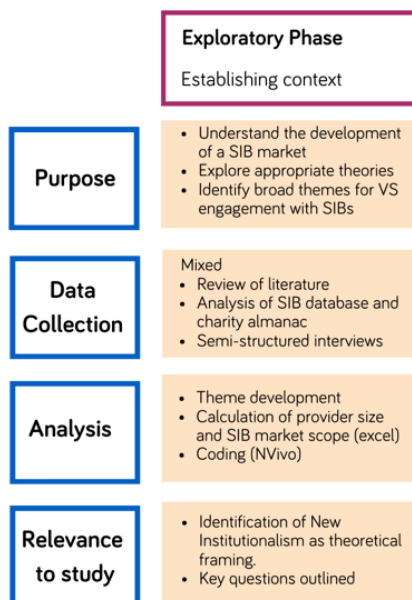
SIBs were introduced as a funding mechanism that could protect against some of these failings. The upfront finance from social investors combined with repayment only once the agreed outcomes had been achieved, would protect against service failures, whilst the collaborative process of designing social outcomes would emphasise longer-term social impacts rather than short-term outputs. However, there is a lack of transparency around whether the promises of SIBs have been achieved for the institutions involved – the impact on state, private or VS is inconclusive. Nevertheless, the SIB market continues to receive considerable intermediation from Government and increasing attention from scholars.

This chapter identified a lack of interest in the SIB literature around the inclusion and identity of VS partners in the SIB ecosystem. For VS providers, there is minimal information or evidence of whether SIBs provide advantages in terms of mission or resource gains for VS organisations who pursue the delivery of SIBs. The following chapter 3 will explore key literature on the VS in order to contextualise the current operating environment of the VS and identify current sector trends and challenges that are relevant to the introduction of SIBs as a funding option for the VS.

Chapter 3: The voluntary sector and state relations

3.1 Introduction

Outside of VS studies (for instance scholarship on public policy and administration), the phenomenon of Government and VS partnerships has been largely overlooked (Salamon and Toepler, 2015), including literature focused on the SIB agenda. Yet SIBs can be viewed as the latest component of a lengthy and complex history between the state and VS (Lowe, et al. 2018). By the 21st Century many charities have had to operate under considerable pressure from Government to meet its policy agenda and from businesses which are now competing in the same market for delivery of services (Mitchell and Moody, 2000). This chapter will expand on chapter 2's overview of public administration reforms and marketised approaches to welfare by exploring the key themes of VS and state relations to contextualise SIBs as a VS funding mechanism. It will briefly explore policies relevant to the relationship between the state and VS, introduced under the different political parties in power since 1995; before exploring how these policies have affected the VS operating environment and laid the ground for the introduction of SIBs as a VS funding mechanism.



The final two sections of this chapter will introduce findings from exploratory research conducted in two stages:

- firstly, using the Government Outcome Lab's SIB project database to understand the size of the SIB market and the type and size of organisations delivering SIBs.
- secondly, findings from semi-structured interviews with 12 SIB stakeholders representing different sectors.

Findings have been interwoven with discussions from key literature. Further information on the exploratory research methods can be found in chapter 5.

3.2 The evolving relationship between the state and VS

There is a widespread view that the VS' involvement in public service provision was better resourced and supported under the years of the New Labour Government (Rees and Mullins, 2016). According to Clifford, Geyne-Rahme and Mohan (2013) total state income to VS organisations grew by 53% between 2000/01 to 2007/08. But significantly for the VS, this increase in resourcing was delivered through a shift from funding provided through grant mechanisms to the implementation of service delivery contracts. This marked the beginning of a transition in state assumption of trust in VS organisations to deliver their own priorities to one that sees VS organisations as a means of delivering Government priorities (Benson, 2015).

The 2010 Coalition Government advocated a further paradigm shift in the utilisation, perception, and resourcing of the VS (Milbourne and Cushman, 2015). Like New Labour, they saw VS organisations as continuing to play an ever-increasing role in supporting social needs (Clifford, et al. 2013) and the Compact 2010 redraft continued the narrative of VS engagement through independent partnerships and complementary provision of services that replaced some state provision. However, following the 2008 financial crash, public spending cuts had inevitably filtered down to VS providers (Jones, et al. 2016). Thus, simultaneous to the extension of the VS's role in public service delivery was the pursuit of significant cuts in public expenditure. The UK Civil Society Almanac (2014) reported a loss for the VS of £1.3 billion of Government income between 2011- 2012, mainly through local government sources. Clifford's (2017) longitudinal study investigated the impact of public spending austerity in relation to public spending within the VS. The study identified that since 2008, the median real annual growth in VS income from state funding had been negative for six consecutive years.

The fast and deep spending cuts of Government in 2010 to address the budget deficit was presented as an opportunity for the VS, with public sector retraction proposed as a way to create opportunities for the private and voluntary sector (Lowndes and Pratchett, 2012). Local Government faced the largest share of funding cuts, which was likely to negatively impact local communities (see Clifford, 2017). National Government therefore upheld two

guiding principles: firstly, the importance of empowering individuals to be responsible for their own well-being through ‘consumer’ choice in services; secondly, to increase competition through the development of marketplaces where a variety of providers compete for greater market share in order to offer ‘consumer choice’ (Bassi, 2023).

The economic downturn and the increase in opportunities to bid for services meant that the scale and enticement of state funding for VS organisations was hard to resist (McGovern, 2016). But this funding came with a caveat of pressures to adapt to a contracting environment and adopt more ‘business-like’ models of operation, that has led to what some have called the professionalisation of the VS (Milbourne and Murray, 2017). Political party assumptions that VS organisations will operate more efficiently and effectively in competition legitimises organisations which display approved neoliberal characteristics (Milbourne and Cushman, 2015). This process has led to what McGovern (2016) refers to as defining and rewarding ‘good’ VS organisations in the interest of state policy.

The subsequent years of a Conservative-only Government has seen an ongoing emphasis on austerity which has cemented the competitive tendering environment where market-led commissioning sits alongside, and at times uncomfortably, with a rhetorical emphasis on partnerships. McGovern (2016) depicts the state discourse under the Conservatives as valorising a community-led and small-scale version of the VS to frame privatisation as non-threatening to the values and quality of services that fell under the responsibilities of the state. Fitzgerald (2018, p.793) describes “notions of distancing, decoupling and fading” between the VS and Conservative Government through the austerity-framed operating environment.

3.3 Large versus small

One of the impacts of the expansion of the social economy and the open tendering process of contracts has been the positioning of VS organisations ever-increasingly at the hands of Government policy (Courtney, 2013). Evidence from NCVO’s UK Civil Society Almanacs suggest that the public reform agenda and the widespread ideological shift from grants to contracts (Milbourne, 2013) has meant commissioning is increasingly occurring at scale, weighing in favour of large charities over small (Dayson, et al. 2018). Clifford (2017) concluded

that midsized charities and those operating in more deprived areas experienced the most negative impact from public sector cuts. Most outsourcing to the VS has been through large charities whose practices can be more aligned to private companies. According to NCVO's Civil Society Almanac (2019) major organisations, with an income between £10m and £100m, received the greatest amount (£6.2bn) from Government sources, accounting for 39% of their total income in 2016/17.

McGovern (2016, p.42) describes the outsourcing of state services to the VS as “soft privatisation – privatisation through the back door”. The Conservative Government's belief in the inter-changeability between utilising private and voluntary organisations as providers has resulted in developments such as the private sector being ‘prime’ contractors and supply-chain managers, along with the expansion of payment by results (Rees and Mullins, 2016). Buckingham and Rees (2016, p.50) identify “a policy environment where private sector organisations often act as intermediaries between the state and third sector organisations”, as seen in the rollout of the Government's Work Programme, where VS organisations are engaged as sub-contractors in primary contracts with large corporations (Rees, Taylor and Damm, 2013). The popular adoption of payment-by-results favours larger organisations and corporations as few VS organisations have the required level of reserves to cashflow services before payments are received (Benson, 2015). According to Dayson, et al. (2022) there are concerns that current social policy tools are putting smaller VS organisations at a disadvantage, raising questions about their future role in the delivery of state services.

3.4 Behaviour change

Macmillan (2011) suggests that the VS's response to its operating environment shake-up has been through endeavours to generate independent revenue streams and intensified attempts to demonstrate the value and impact of it's work. Business strategies, marketing plans and a culture of measurement activities more akin to the corporate world- have been co-opted, apparently by choice, across the VS in anticipation of gains in legitimacy and resourcing (Benson, 2015). The increasingly blurry boundary of the VS with the domains of market, state and community have led to new business forms such as CICs and social enterprises that have more commercial freedom to attract social investors (McGovern, 2016). Brandsen, Donk and Puffers (2005, p.750) describe these boundary problems as “not just of an empirical, but also

of a conceptual nature”: a move away from being altruistic, non-profit making organisations with a social purpose, to being businesses that have social impact.

Rees and Mullins (2016) suggest that VS services have become increasingly targeted and coerced by political influences to bring about this behaviour change. Milbourne and Murray (2017) identified VS behaviour change occurring through a culture of imitation, passivity and compliance. DiMaggio and Powell’s (1983) concept of ‘isomorphism’ describes the process of organisations within a field becoming homogenised as they face the same environmental conditions. They outline three mechanisms through which institutional isomorphic change can occur: coercive, mimetic and normative. The VS engagement with the public services agenda implies complicity in the shift towards privatisation of welfare services and that some VS organisations aligned themselves with the hegemonic discourse in anticipation of gains in professionalisation, legitimacy and resources (Milbourne and Cushman, 2015).

It is worth noting Brandsen, Donk and Putters (2015) work on VS hybridity (see also Billis and Glennerster, 1998; Skelcher and Smith, 2015). They describe three ‘ideal-typical’ domains of society: ‘market’ with reliance on competition; ‘state’ with reliance on hierarchy; ‘community’ with reliance on forms of care and altruism. They argue that VS organisations should not be understood in terms of static ideal types but as hybrid organisations that border these domains, and should therefore be “classified by their strategies, as methods of adaption to conflicting demands” (p.760).

3.5 A failing sector

Salamon’s (1987) theory of “voluntary failure” suggests that, rather than being a response to the failures of market or state domains, the fundamental model of a VS in an industrial society is flawed and necessitates Government action. In some ways, Salamon’s Voluntary Failure theory aligns with the growing discourse around VS behaviour change and the view that many of the failures to respond to wider complex social problems of the modern world are not as a result of the pitfalls of capitalism (market failure/government failure), but that of ineffective and wasteful services delivered by public agencies and charities working in isolation from each other (Bassi, 2023).

Salamon's theory identifies areas of institutional disadvantage that are specific to the VS:

- *Philanthropic insufficiency* (an inability to consistently and at-scale generate resources);
- *Philanthropic particularism* (a focus on particular subgroups leads to favouritism);
- *Philanthropic paternalism* (there are risks of power imbalances and the creation of path dependency);
- *Philanthropic amateurism* (there is a lack of professionalism due to relatively low staff pay and reliance on volunteers).

His conclusion is that, in many instances, VS institutional disadvantages can be offset through better partnership structures between the Government and VS, structures which "combine the service-delivery advantages of voluntary organisations with the revenue-generating and democratic priority-setting advantages of government" (Salamon, 1987, pp.43).

Salamon's (1987) theory emerged as neoliberal economic theories started to dominate the public administration landscape (see chapter 2) with a focus on Government deregulation, privatisation and the reduction of state interventions in welfare (Bassi, 2023). Salamon (1987) outlines that growth of Government support in non-profits in the early adoption of third-party government was a move away from "hierarchic, bureaucratic apparatus" (p.38) into greater sharing of responsibilities. This is consistent with the concept of New Public Governance as an approach to public policies, where VS organisations (along with private and for-profit actors) can legitimately contribute to social policy (Bassi, 2023).

There has been recognition that Voluntary Failure theory feels dated for the modern operating conditions of the VS and that the increase in outsourcing to the VS, rather than responding to VS institutional disadvantages, is potentially eroding elements of VS distinctiveness (Dayson, et al. 2022). In fact, Salamon himself, in a paper co-written with colleague Toepler (2015), acknowledged that third-party government was not without challenge. Describing the relationship between the VS and Government as "complex" (p. 16), Salamon and Toepler identified four potential dangers for the VS: loss of autonomy, mission drift, bureaucratisation, and a reduction in advocacy activity.

Albertson, et al. (2018) identified that the distinctiveness of the VS, its reach and innovation, was a key component of developing a social investment market for welfare provision.

However, this outlook presumes that the state officials implementing national policies at ground-level are open to and able to adapt public sector practices in order to embrace the distinctive characteristics of the VS. This outlook also presumes that VS organisations have an appetite for or are capable of being more market-like when responding to society's complex needs.

3.6 SIBs as a new funding mechanism

In some ways, SIBs have been introduced as the “definitive answer” to the VS's challenges (Del Giudice and Migliavacca, 2018, p. 50) or ‘failings’, as in Salamon's theory (1987). Think-tanks, centres for social change and research institutes promote SIBs as a real opportunity for unlocking new funding (Reeder, et al. 2012). As identified in chapter 2, SIBs clearly have the ambition to align public-private-voluntary stakeholders to co-design services that deliver social change and cashable savings to central or local Government. This has been promoted by SIB advocates as improving the shortcomings of previous outcome-based commissioning models (Tan, et al. 2015) and enabling smaller charities to get in on the act (Mulgan, et al. 2011). Carter (2019, p.3) defines SIBs as nurturing a more trust-led relational network of governance between state, private and voluntary organisations, describing markets and capital flow as a “potential red herring” to the hybridity of governance. The Commissioning Better Outcomes evaluation (Ronicle, Stanworth and Hickman, 2019) identified the specific areas of ‘performance management’ and ‘outcomes culture’ as being seen as trade-offs by VS providers to the potential benefits of using a SIB as a funding option.

The Young Foundation's Report (Mulgan, et al. 2011) identifies that one of the key advantages of SIBs is encouraging commissioners and VS providers to think like financial investors in terms of investment and returns. The Brookings Institute (Gustafsson-Wright, Gardiner and Putcha, 2015) positions SIBs as an opportunity to “bring in private sector rigor and performance management to drive results” (p.2). Wells' (2012) study into Futurebuilders, the government-backed social investment fund, identified that both Futurebuilders and the wider social investment agenda placed significant importance on the need for cultural and behavioural change in the VS, a change towards more enterprising and business-like

operations. Rosenman (2017, p.142) goes as far as describing social finance as representing a new “logic of poverty regulation” in how poverty is ordered, monitored and supervised. According to Neyland (2018) SIBs transform certain social problems (for example, recidivism, homelessness, children at risk) from a cost to an investment proposition, turning an intractable problem of Government into a source of returns for private investors.

As outlined in previous sections, there is emerging concern about the unintended consequences of NPM practices on the VS, as a whole but particularly small to medium charities and their ability to survive (Dayson, et al. 2022). The SIB model of a locally focused and collaborative approach to service design, along with the shift of financial risk from commissioner to investor, has been promoted by SIB advocates as responding to these unintended consequences and enabling smaller VS organisations to access service contracts (Mulgan, et al. 2011). But with their lengthy and complex negotiations between different parties, requirement for strict data management processes and delivery of cashable savings (Neyland, 2018), the implication is larger organisations are in a preferential position (Wells, 2012). Albertson, et al. (2018, p. 111) discuss the need for a trade-off in SIBs, “between scale, opportunities for collaboration and transaction costs”.

As discussed in chapter 2, there is little empirical evidence of the VS’s attitude to the SIB market or charities requesting new market-based models to fund the delivery of their activity other than for motivations of survival. Neyland (2018) believes SIBs are actually anti-market devices and that VS providers are having to narrow their offer to attune to the unique needs of the buyer. McHugh, et al. (2013, p. 252) suggest that SIBs are not the VS’s solution to all funding woes but “represent the continuation of a trend by successive UK governments to reduce direct public investment in social services whilst simultaneously encouraging increased investment from private sector financial and other intermediaries and ‘marketising’ the third sector”.

3.7 SIBs in practice

Dayson, et al. (2020) argue that SIB implementation could be a recognition of the failings of New Public Management to address the causes and consequences of complex social problems and that this new approach to commissioning is more closely aligned to the more

pluralistic New Public Governance (Osborne, 2006). In the semi-structured interviews from the exploratory research, all stakeholders, including VS organisations that worked on SIBs that did not make it to 'live' stage, stated that to some extent they felt the SIB process was much more collaborative than other commissioning models.

“If you compare that with other specs that the Council have issued then yes (it was more collaborative), because we were having an internal dialogue about who the cohort was, what are they currently accessing ... and my experience with previous tenders is that those conversations don't really happen.”

Charity CEO, infrastructure charity that worked on a consortium SIB that did not go 'live'.

Whether the SIB model marks a seismic shift into Salamon's (1987) collaborative third-party government, with opportunities for locally focused, smaller VS organisations to be included, remains to be seen. There is no research identifying the size of the charities who are involved in SIB delivery and the extent or nature of their involvement (for example as prime or subcontractors). The exploratory research using GoLabs SIBs database identified that there were 138 providers engaged in UK SIB delivery in 2019: 70% were VS organisations and 85% of those were either large, major or super-major VS organisations*.

SIBs have been described as resource intensive in their set-up, with contractual negotiations proving “complex, time-consuming and unfamiliar to many participants” (Neyland, 2018, p.495). Evidence from the PIRU evaluation (Tan, et al. 2015) describes local input having limited use at the SIB design stage as this is essentially a technical process. In the exploratory research interviews, the time it took to develop and negotiate a SIB were described by VS stakeholders as being a significant challenge, with 13 months being the shortest period before the SIB went 'live'.

*NVCO charity income band: Micro <£10k; Small £10k-£100k; Medium £100k-£1m; Large £1m-£10m; Major £10m-£100m; Super-major >£100m.

“It is 13 months of my time and other things that I do. 13 months of service manager time, there’s Director time on this – it has been through our Directors 3 times and iterations asked for; our finance team to try and model this, lots of time. Its 13 months but how much time to a pound value, I couldn’t say. It has been the biggest thing on my radar for a long time.”

Area Lead, Housing Association, SIB went ‘live’ in 2019.

SIBs have been criticised as causing fundamental tensions when bringing together the expertise, interests and objectives of the various parties to build a common value proposition (Williams, 2019) and prompting questions of whether “this signals a demise of approaches and values for which Voluntary Organisations have been sought as service contributors” (Milbourne and Cushman, 2015, p.3). VS leaders were also concerned about the significant amount of money going out of the ‘system’ and being spent on expert intermediaries to help (mainly the commissioners) to develop financial proxies that would ‘prove’ outcome attribution.

“There is a feeling in our sector that there is a lot of money going out of the system because you are paying interest rates and you are paying money to investors and then there’s all these intermediaries that you can spend a fortune on, then there’s solicitors’ fees.”

Charity CEO, currently delivering a SIB

Many SIBs also act through the conduit of a Special Purpose Vehicle (SPV), a legal structure designed to reduce financial risks across all partners. However, once the SPV has been established, the legal structure of the SPV is ‘locked-into’ the outcomes as negotiated between the commissioner and investor and, in essence, the SPV could ‘fire’ the SIB delivery partner (Neyland, 2018). In order to demonstrate that SIB providers are accountable to the commissioner (and therefore taxpayers) (Alcock, 2016), VS organisations require the use of reliable information systems to monitor and track performance data. This emphasis on the mechanisms and administration of SIBs has led to extensive micro-management of VS organisation to enable attainment of successful outcomes (Lowe, et al. 2018), and the

potential disruption to the work of front-line workers at the expense of time spent with service recipients (Albertson, et al. 2018).

One of the central premises of SIBs is the opportunity for innovation through the bringing together of the mixed incentives for the public, the for-profit and the not-for-profit sectors. VS organisations, with their “closeness to beneficiaries with specialist needs ... flexibility and ability to innovate” whilst maintaining a values base (Rees and Mullins, 2016, p.10) would seem a vital partner in developing these new solutions to some of the UK’s most intractable social problems. Inevitably VS SIB providers have had to align with some of the ideals, values and tools from private sector management (Lowe, et al. 2018). But power dynamics follow institutional rules that privilege certain positions and courses of action over others, what Knight (1992, as cited in Lowndes, 2009, p.95) calls “patterns of distributional advantage”. The reality of SIB development appears to weigh far more favourably on the financial expertise of the social investors (Ronicle, et al. 2017). Neyland (2018, p.496) notes that “innovation is not designed to alleviate competition, but becomes an essential driver of competitive pressure”, organisations (in the case of SIBs, most often VS organisations) strive to singularise their offer “as increasingly attuned to the unique needs of the buyer” (the parties operating the SIB).

3.8 VS Agency

Scott (2008, pp.6-7) defines agency as an “actor’s ability to have some effect on the social world – altering the rules, relational ties, or distribution of resources”. As Bennett (2015, abstract) notes, through the dominance of economic paradigm framing, most VS research “casts voluntary sector organisations as passive in their context, responding to ideas from the central state rather than playing an active role in how and why particular ideas hold”. Amongst the key factors of VS organisational agency, Benson (2015, p.7) outlines “the extent to which local commissioners value the contribution of voluntary sector providers; the degree to which local groups are dependent on state funding ... and the extent to which the voluntary sector themselves have articulated a political position on their role”. McGovern (2016) believes that it is possible for VS organisations to step outside of neoliberal orthodoxy, where VS leaders are able to make informed choices about organisational development and resist pressures to conform to imposed institutional logics. Coule and Patmore’s (2013) case study found that VS actors were able to draw upon competing institutional logics to frame

and serve their own organisational interests when engaging in social investment programmes. They conclude: “Non-profit actors adopt and use the alternative institutional logics available to them for elaboration and interpretation to achieve their political purposes, undermining the notion of NPOs (Not-for-Profit Organisations) as passive recipients of the institutional logics underpinning particular public management approaches.” (p.995).

VS narratives in the SIB literature are limited and have tended to be critical, emphasising “the privileging of larger over smaller non-profits, and the erosion of agency autonomy, mandate and moral mission” (Williams, 2019, p.2). Collective examples of unfair dealings for the VS have added to concerns around the threat of state funding to curb sector independence and voice (Rees and Mullins, 2016): in short, limiting VS organisations ability to pursue their own mission and interests. There are examples across the VS of organisations involved in large-scale state procurement regimes and sub-contracting relationships with private providers; involvements which have worked against them. Penal reform charity, the Howard League (Milbourne and Murray, 2017), regards the privatisation of the criminal justice system as a highly profitable supply-chain feeding corporate interests. 75% of the 300 named sub-contractors are VS organisations, with charities described by the Howard League as both naive and simply ‘bid candy’. Ronicle, Stanworth and Hickman’s (2019) evaluation of the ‘Commissioning Better Outcomes Fund’ on behalf of the National Lottery’s Community Fund (a fund set up to stimulate outcome-based commissioning, particularly SIB development) reported that investors were much more likely to work repeatedly with a single, established provider, noting that this trend was likely to work against smaller providers. Evidence from the exploratory research identified a small, locally focused charity that had worked with a social investor for over a year developing a SIB; they struggled to establish local commissioner buy-in, so the investor took the SIB (modelled through evidence from the local charity) and rolled it out through a national charity working in different local authorities.

“How do our larger organisations, that do have some capacity, support the smaller ones so that we don’t end up in the situation that a lot of SIBs have, in which a big national provider comes in and goes ‘we understand how to do all this outcomes and impact measurement stuff’. Then the local VCSE sector, in particular, are left out.”

Commissioner

In fact, whether SIBs are a viable opportunity for local VS organisations may simply be down to location. The study conducted by Jones, et al. (2016) on the uneven impact of austerity on the VS identified how investment is often mediated at both national and local level of Government, where there is a potential clash of ideologies. In the exploratory research, a commissioner described being under a Conservative-led Council as the significant factor in explaining why their local authority had fully embraced SIBs, compared with another Labour-led local authority that had struggled to get a SIB off the ground, regardless of both authorities receiving the same level of SIB Government subsidies.

In the development of SIBs, Carter (2019, p.13) states that VS providers “have not crudely positioned themselves to cynically maximise the delivery of payable social outcomes” but instead utilise SIBs as a means-to-an-end of achieving their social mission. She offers, as evidence, the absence of creaming and parking practices (often found in other payment-by-results structures), though acknowledges that it is difficult to attribute this to the result of “good organisations” and is potentially just an intrinsic aspect of the tightly controlled SIB outcome specification.

Despite the SIB optimism, there is evidence that VS organisations are exercising their agency by opting out of the SIB market. Reports across the field include downright scepticism as to the future of the market and, while the SIB market continues to grow, the pace of growth is slower than expected and “the size of individual deals and the value of the market as a whole remains quite small” (Williams, 2019, p.6). One of the VS leaders interviewed in the exploratory research stated that their board had come to a proactive agreement that they would not pursue SIBs as a funding mechanism as they felt uncomfortable with the marketized approach to support.

“I am not coming at it from a naturally negative perspective, it just seems as though, as the evidence grows, it is not quite stacking up as has been promised. I would say that I am pragmatic enough to know, if the evidence suggests it shouldn't work then you shouldn't just pursue ideologically.”

Charity CEO, decision made not to pursue SIBs.

On the surface, the SIB agenda looks like another way of imposing market and public administration logics to tame the “loose and baggy monster” of the VS (Kendall and Knapp, 1996). But evidence from some studies and the exploratory research have shown that VS organisations have utilised innovative and collaborative approaches that brought hybridity to their organisations (La Torre, et al. 2019). At a more micro-level, the question remains whether VS leaders can employ levels of agency to mould SIBs around their own organisational agenda?

3.9 Conclusion

SIB literature thus far has largely focused on the (narrow) microeconomics of the SIB market, including the rationality of financial agents and commissioners, systems of metrics and payments (Lowe, et al. 2018). This study is interested in the (wider) ‘SIB effect’ on the VS, on the impact on VS behaviour, agency and distinctiveness. The key themes drawn out of the literature review and exploratory research outline a combination of complex agendas at play between the VS, state and private sector. These agendas are based on often competing logics and ideological positioning (Albertson, et al. 2018). Benson (2015) describes voluntary action as political, though rarely acknowledged by the sector itself, and acted out through choices made about activities, objectives and through the funding mechanisms pursued. These choices are not neutral from ideological and political beliefs but socially constructed and shaped through assumptions made about Government policies, community engagement, the power of the markets and the ethical values of the organisation.

Exploration of the organising principles that led to the introduction of SIBs by the UK Government will help to understand the ‘SIB effect’ for the VS and unpick the basis of assumptions made about SIBs by VS leaders. According to Coule and Patmore (2013) new institutionalism is a theoretical lens that can get beneath political processes involving participants of unequal power. A new institutional perspective for examining the SIB ecosystem will explore the link between the macro-level politically and socially constructed rules of SIBs, meso-level sector-wide perspective of the SIB agenda and the micro-level individual agency of VS actors (Thornton, et al. 2012). Brandsen, Donk and Putters (2015) suggest that, by analysing particular institutional contexts where hybridity has occurred as a

distinct VS coping strategy, researchers can understand the origins of third-sector rationalities. Chapter 4 will identify key concepts around the development of a SIB ecosystem before introducing the new institutionalist approach taken in this study as an overarching theoretical framework.

Chapter 4: Theoretical Framework and Concepts

4.1 Introduction

This chapter outlines key theoretical and conceptual frameworks relevant to this study.

Underpinning the study is the concept of new institutionalism as a framework to understand how the VS's role as SIB delivery agents has been shaped by the institutional structures within the larger context of society. This theoretical framework is in accordance with the chosen philosophical perspective (see chapter 5 Research Design and Methods) of this study, and enabled a better understanding of how the institutional logics underpinning the introduction of a funding mechanism such as SIBs can shape the operating environment and belief systems of VS organisations and their leaders.

The first section of this chapter outlines key concepts for the development of a SIB ecosystem, situating SIBs as a social construct within the wider social investment market. Building on Granovetter's (1985) 'market embeddedness' the section explores the complexity of building a market that incorporates public, private and voluntary sector partners, utilising Beckett's three coordination problems outlined in his article "The Social Order of Markets" (2009), to investigate the positioning and interplay between sectors in the SIB ecosystem.

The second section pulls these concepts together to outline the theoretical framework of this study based on new institutionalism, in particular the concept of institutional logics. This section explores the narratives underpinning the SIB agenda using Fraser, et al's. (2018) findings from their literature on SIBs to highlight the relevance to this study of a SIB narrative dominated by the normative practices of the private sector. Following this, the chapter introduces new institutionalism, and using three aspects outlined by Lowndes (2009) situates the importance of understanding the institutional logics behind the development of SIBs.

4.2 Developing an Ecosystem for SIBs

As outlined in chapter 2's literature review, the emergence of social investment is one manifestation of the drive for modernisation of public service delivery through marketisation. SIBs, one of the latest models to evolve from social investment, is predicated by a financial logic associated with health and welfare support (Carter, 2019). But, before this

financialisation (Golka, 2019) can be fully developed, a market first needs to be created (Aalbers 2016). Nicholls and Pharoah (2008) provide an account of the developments in the emerging market for social investment, describing social investment, in its simplest form, as the resources required to empower social and environmental change; resources of financial capital (money), social capital (networks) and human capital (expertise and skills). The exchange of these resources is intended to create a marketplace consisting of transactional relationships between supply actors, intermediation actors and demand actors. Along with the exchange of goods, markets are also characterised by competition (Beckert, 2009); market actors in the social investment field have similar but also conflicting interests in that they are all interested in the exchange of financial, social and human capital but have conflicting interests regarding price and other specifications, such as risk transfer, quality and value creation (Nicholls, et al. 2015).

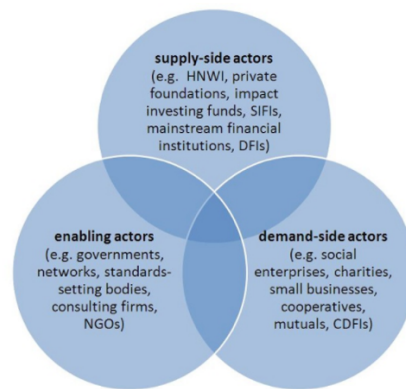
Granovetter (1985) describes markets as being embedded in nonmarket social relations; market exchanges are therefore not simply an inevitable and natural tendency to barter and exchange for goods but “are shaped by the institutional structures, social networks and horizons of meaning within which market actors meet” (Beckert, 2009, p.247). This ‘embeddedness’ has an impact on the behaviour of market actors and institutions that operate within an ecosystem such as social investment. If, as Granovetter (1985) argues, markets are not inevitable and are only one way of organising economic activities, then the development of a market exchange for SIBs has been done voluntarily, and only made possible due to certain behaviours of market actors and institutions.

Beckert (2009) argues that the embeddedness of markets leads to three inevitable coordination problems that impact market actor’s behaviour: value, competition and cooperation. Only when stable reciprocal expectations of market actors from all sides of a transaction are accepted can a market, such as one for SIBs, operate as a “mechanism for the fulfilment of adaptive functions in society” (Beckert, 2009 p.249). Therefore, closer analysis of these expectations and transactional relationships within a SIB ecosystem, will provide some understanding of whether the SIB market is reducing, reinforcing, or exaggerating other social differences, particularly in how the VS’s role as SIB delivery agents has been shaped by the institutional structures within the larger context of society.

Williamson's (1973) work on markets, hierarchies and networks outlines that it is generally acknowledged within welfare economics that the development of nonmarket (or quasi-market) organisations exist whenever the transactions within the market experience "frictions". One approach to understanding the creation of a market for SIB's would be through market failure/government failure theory: the inefficient and unequal distribution of goods/services through free market mechanisms has led to complex social problems- the state's ability to produce collective goods that respond to all these social problems is limited due to the need to command a majority of public support. So, the Government takes a 'mixed economy' approach to insulate against some aspects of capitalism (Evans, 2010). Hence, a social investment market is created that involves quasi-market organisations, and the VS exists to provide specialist services that exist outside of Government responsibility, with activity that cannot command a majority of public support (Salamon, 1987). However, both Williamson and Salamon outline that this theoretical rationale is limiting when used to explain more complex forms of economic organisation or activity. Firstly, as Salamon (1987) highlights, Government Failure theory does not incorporate the level of VS engagement in the delivery of services on behalf of the Government. Secondly, SIBs are particularly complex mechanisms and require complicated transactions for the exchange of resources between state, private and voluntary sector agents. As Williamson (1973) argues, economics is a social science, and therefore the study of markets needs to include comparative-institutional investigation to understand the relations and hierarchies at play within the ecosystem.

4.3 The Positioning of Sectors within the SIB Ecosystem

Figure 4.1: Interaction between different actors in a social impact investment market, (from the policy paper *Social Impact Investment Forum: outputs and actions*, from the Cabinet Office, July 2013)



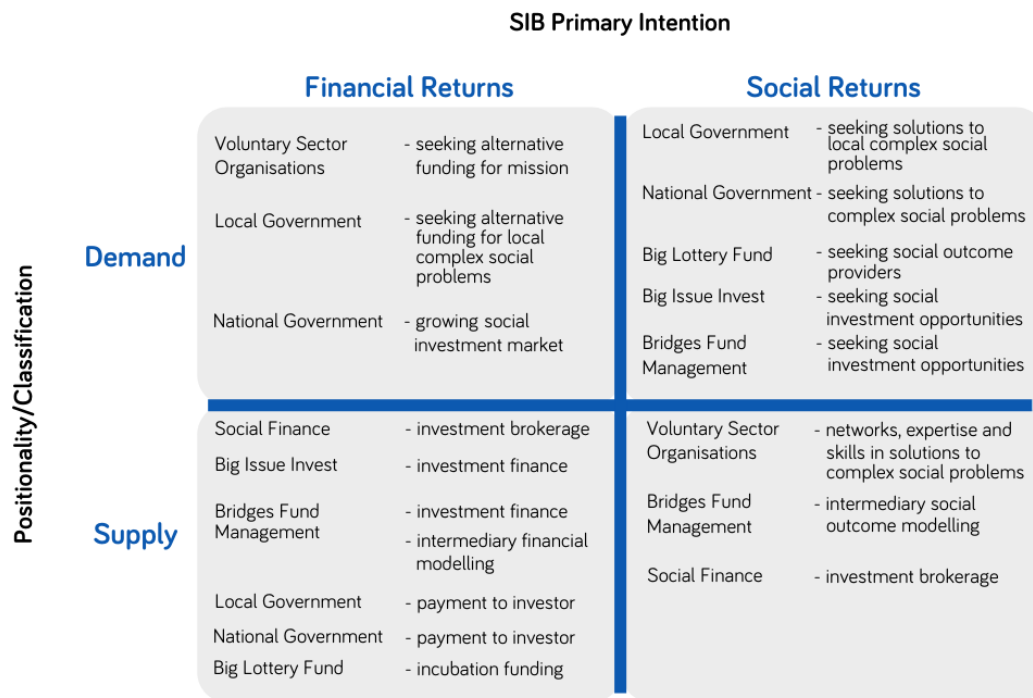
Venn diagram showing the interaction between supply-side, demand-side and enabling actors

The rhetoric from successive governments on the introduction of market mechanisms for state activity has been about finding efficient ways to tailor supply to demand (McGovern, 2016). Figure 4.1, produced for the G8 Social Impact Investment Forum, is the Government's presentation of an ideal set of supply/demand transactional relationships for social impact investment across the private, public and voluntary sectors. The diagram was framed by the following: *"Social impact investment brings together a diverse group of actors with different goals, expectations and ways of working. A key message from the Forum was that, while roles may overlap, actors must play to their strengths to encourage market growth."*

A market exchange relies on the social construction of there being something to exchange between the buyer and the seller (Beckert, 2009). In Figure 4.1 the product being exchanged is money for social investment: the transactional relationships, and therefore actors' presumed strengths, are valued purely through the supply of and demand for financial capital, ignoring the exchange of the two other resources (social and human capital) that Nicholls (2010) identified as required to empower social and environmental change. The use of the term 'must' (emphasis added in the quote for identification purposes) in the diagram's accompanying statement outlines that there are some preconceptions from the Cabinet

Office about what each actor's strengths are in relation to the development of a social impact investment market. The centrality of finance as the 'product' outlines the demand side (the VS) as the consumers of money and the supply side (the private sector) as the producers of money, resulting in inherent and potentially unequal power relationships built on the logic of financial returns as the ultimate outcome (Warner, 2020). As Nicholls (2010) identifies, this rationale is simplistic and doesn't give the full picture of the formidable institutional barriers involved in social investment. Social investment as a means to empower social outcomes is broader than just the flow of money and has the inherent ideology that capital market structures can be deployed for social gains and not just commercial gains (Wells, 2012). Transactional positions between the cross-sector actors can be viewed from different perspectives depending on the underlying logic; for example, a diagram with the logic of social returns as its central premise would shift supply-demand roles and therefore the perception of the strengths of the actors, thus changing locus of power within the investment agenda (Golden, Kohli and Mignotte, 2017).

Figure 4.2: Mapping of main actors across the SIB ecosystem



SIBs’ positionality as a subsector of social investment has been that of a win-win-win scenario, a model that nurtures innovation and alignment across private, public and voluntary sectors around a common value proposition (Williams, 2019). Although SIB’s common value proposition is primarily the intention of achieving social good and better services for the people and communities the interventions are targeted at, largely ‘people and communities’ are absent in any modelling or discussions around the development of the SIB ecosystem. Again, at the heart of these cross-sector collaborations is the flow of financial, social and human resources between organisations. What makes the SIB ecosystem different to other forms of social investment is that, even when viewing SIBs through the conventional market logic of supply and distribution of finance, actors do not comfortably sit within binary functions.

Figure 4.2 attempts to map out the demand/supply positionality of the dominant actors in a UK SIB ecosystem. Other than Social Finance, all other SIB actors switch demand/supply

positionality depending on whether SIBs' primary intention is viewed as that of seeking financial returns or social returns. The lack of stable expectations on the end SIB 'product' leads back to Beckert's (2009) three coordination problems (*value, competition, cooperation*) and causes "fundamental tensions around the agenda underlying the SIB enterprise, and the interests and objectives of the various parties to these deals (i.e. government, investors and providers) with SIB specialists at times struggling to engage all three players and to build common value propositions" (Williams 2019, p.6).

Table 4.1 provides an overview of the relational perspective of SIBs using Beckert's (2009) three coordination problems. This is discussed in further detail in the paragraphs that follows, with Italics used to highlight Beckert's (2009) three coordination problems throughout the text. This relational perspective allows for a view of SIBs that underlines the political-economic challenges while also providing some explanation for the SIB market emergence through wider social dynamics (Golka, 2019).

Table 4.1: Relational perspective of the SIB ecosystem

	<i>Cooperation</i>	<i>Competition</i>	<i>Value</i>
Government	Provider of incubation grants	Principles of open global economy (competition state)	Upfront capital during a period of spending cuts
	Development of SIB think tanks	Regulating business for public interest	Mixed economy mechanism
	Coalition building/alignment with private sector	Building local experimental markets	Social returns / response to complex social problems
	Requires cooperation between national policy and local government delivery		Local government limited capacity and resources to develop SIB mechanism
	Social returns in exchange for capital interest		Cashable savings
Investors	Government reciprocal expectations for investment	Supply-led / lack of demand	New influence in state social policy
	Bringing financial expertise through intermediary opportunities	Market development / private sector competition systems	Access to state revenue
	Overseeing VS behaviour – ‘Big Brother’	Small network of market suppliers	Financial expertise as central, therefore an opportunity to drive the agenda
Voluntary Sector	Extension of contracting relationship with Government	Competitive tendering	Access to new funding
	Rewarding ‘good’ VS organisations / conforming to market expectations	Replacement of other nonmarket forms of funding, e.g. grants	SIB failure measured through VS failure to deliver social outcomes
	Success measured through social outcomes data		Opportunity to pursue sustainability and professionalism objectives

Government as an enabling actor

In practical terms, the *value* of SIBs for the UK Government is fairly clear: during a time of significant spending cuts, social finance provides access to upfront private capital to fund social programmes and transfers the financial risk of these programmes not succeeding (Rosenman, 2017). Certainly, the UK Government’s interest and investment in SIBs has supported the expansion of a social investment market (Albertson, et al. 2018), promoting a favourable regulatory framework through tools such as incubation grants and the development of expert think tanks that nurture the conditions for SIB innovation, opportunity and competition (Aalbers, 2016, Evans, 2010). This regulatory framework *cooperates* with the institutional structures of private investors as SIB market actors, supporting what Evans (2010) outlines as the emergence of a *competition* state.

Government can be positioned as either demand or supply market agents. Government's primary SIB objective (at least explicitly) is to achieve social returns that reduce the high costs to the taxpayer associated with complex social problems (Fraser, et al. 2018); seeking investment to reduce this would firmly place them as a demand-side actor. However, in most models a successful SIB is based on the premise of Government supplying investors with a financial return on their investment, making Government the ultimate producer of finance, which places them as a supply-side actor when the primary intention is financial returns. This supply-demand positionality becomes even more nuanced with the introduction of large-scale Government SIB incubation grant programmes, such as the Commissioning Better Outcomes fund (CBO), that is adding financial capital to stimulate the SIB market. Through intermediation, national Government is seeking to grow the social investment market (a demand activity) by supplying incentivised grants (a supply activity).

Government as the 'enablers' of SIBs is not just about growing and shaping the social investment market. SIBs have also been designed to "create new, localized, experimental markets" (Neyland, 2018, p.495), with SIBs largely deployed within local geographical contexts, meaning local authority commissioners are a central piece of a SIB puzzle. The CBO fund evaluation (Ronicle, Stanworth and Hickman, 2019) showed that CBO received 115 Expressions of Interest (EOI); 87 were taken forward by CBO for a development grant, which resulted in just 19 SIBs being launched with CBO support. A significant proportion of the EOIs were VS provider-led proposals and failed to develop further due to a lack of local commissioner capacity, interest and/or resource to pursue SIB development. The report highlights challenges around local commissioner buy-in and a lack of perceived *value* with more of a potential downside of SIBs for local Government. This raises questions about the *cooperation* between, not only national and local Government, but local Government and the VS. Local Government's position as a demand-supply actor is therefore very much relational to national policy.

Investors as suppliers

Engagement in the SIB market creates opportunities of significant *value* for investors: *cooperation* from national Government generates prospects for gaining new influence in the

developments in state social policy, alongside access to new state revenue streams (Rosenman, 2017). Thus, the SIB market has evolved with reciprocal expectations for both the Government and private investors in terms of their actions as market actors and the expected outcomes being of material interest (Beckert, 2009). However, the blurring of supply-demand agents can also be applied to SIB investors. Positioning social investors as suppliers responding to a market demand does not acknowledge that social investment has largely been supply-led, with financial suppliers reporting a lack of appropriate demand for investment (Nicholls, 2008). In many cases the financial institutions that are supplying SIB finance are also the intermediary organisations deployed as ‘expert’ brokers between the three parties that typically make up a SIB. This comes from a rationale that SIB expertise is *valued* through the understanding of capital markets rather than expertise in delivering social returns (Warner, 2020). This logic embeds a power dynamic of private sector superiority as a response to VS perceived financial inexperience, with the intermediary experts able to bring in enhanced data monitoring techniques to ensure VS “outcome payments are earned in a valid and attributable way” (Fraser, et al. 2018, p.11). Whilst SIBs can offer financial institutions the opportunity to blend social entrepreneurship with their pursuit of commercial interests, it cannot be overlooked that SIBs also open up new revenue streams of state social expenditure for investors (Fraser, et al. 2018). Rosenman (2017) describes this as an underlying belief that “charitable money should be working for the donor as well as the beneficiary”.

VS as demand agents

The *value* of SIBs for the VS provider is presented as the opportunity to access funding to support their activities for social good. In terms of *cooperation*, partaking in practices that have been the domain of the private sector is nothing new for the VS, with the competitive tendering and market-led commissioning processes having dominated the funding environment for large sections of the VS for some time (Milbourne, 2013). However, VS organisations that wish to partake in SIBs are also required to prove that their proposed activity is also measurably profitable, or at least efficient enough to achieve the desirable outcomes. This feeds into ongoing discussions around the legitimisation of certain VS provider activities and the expectation of VS behaviour change by rewarding ‘good’ VS organisations in the interest of state policy (Milbourne and Cushman, 2015). Beckert (2009) outlines that

institutions can deploy *cooperative* strategies through the effective sanctioning of defectors and enforce compliance. In market development terms, this creates *cooperation* problems for VS providers as the reciprocal relationship is based solely on VS market actors conforming to expectations from the other market actors. When the success of SIBs is only measured in solely financial terms, if a SIB does not meet its social targets and investors are not repaid by the state, then this is viewed as an ultimate failure. Clearly this failure presents a risk transfer on to the investor through non-repayment of the upfront capital, but, as Rosenman (2017, p.148) points out, this risk model places success/failure on the VS provider achieving the social outcomes and does not include any possible broader, social explanations of the failure to achieve intended outcomes, “assuming instead that services and programmes can only improve or stay the same”. Albertson, et al. (2018) argue that by making the providers of SIBs responsible for service design and delivery, policymakers are attempting to transfer risk by depoliticising service delivery.

Placement of the VS is therefore equally, if not more, problematic, in terms of reciprocal expectations. There is little argument that VS organisations are demanding alternative funding options to replace shrinking grant opportunities and scaling back of state funding (Macmillan, 2011). However, positioning the VS as the primary demand-side actor in a SIB eco-system would suggest that there is widespread demand from charities for SIBs as a funding structure to achieve their own missions rather than a government-driven procurement regime that is intended to replace some public service funding through the use of financial instruments (McGovern, 2016). This positioning does not acknowledge that for some VS organisations the more traditional Government mechanisms that have previously funded their organisation’s services are drying up, which presents them with no alternative but to engage in more marketised practises to achieve their social outcomes (Benson, 2015). Neither does VS demand-side positioning acknowledge reported scepticism from the VS about SIBs as just another model added to the fragmented nature of the funding marketplace (Williams, 2019). With so little focus on VS provider motivations beyond the instrumental need to fund their services, it is difficult to see whether there is genuine demand for SIBs as ‘just another funding option’ to explore.

As outlined, the distinction between supply and demand in the eco-system of SIBs is difficult to relay across a binary classification, with key players having multiple roles which blur boundaries and make it challenging to identify SIB actors underlying rationale for engagement. As a result, coordination problems around *value* and *cooperation* are difficult to resolve in order to form stable market expectations (Beckert, 2009). In fact, whether SIBs operate within a market system at all has been the subject of recent debate. Neyland (2018, p.293) states that SIBs are an anti-market device “effectively ruling out competition and creating a proposition that protects specific parties against the standard risks of an investment”. Warner (2020) would agree, arguing that SIBs’ fundamental design- external finance based on paying for successful outcomes- shifts power away from the end beneficiary and creates a small network of actors (evaluators, intermediaries, providers and investors) and therefore it is not a market. Which leads back to Beckert’s (2009) third coordination problem, that of *competition*. The regulations of *competition* in an ecosystem are devised by the suppliers in the market themselves and rely on institutional forms of standard-setting or informal agreements “based on cognitive frames, such as economic theories or taken-for-granted routine knowledge on how to compete in a given market field” (Beckert, 2009 pp.258). Akerlof’s paper on ‘The Market for Lemons’ (1970), provides a good example of how information can influence the market exchange, where the buyer is uncertain of the quality of a used car which places them at a disadvantage to the seller (who has acquired knowledge of the car’s quality through use over time). Information on the expectations of the SIB market exchange, therefore, becomes a competitive advantage which raises questions about who is framing the information and whether the taken-for-granted or implicit knowledge is shared equally across all market actors?

4.4 Narratives of SIBs

It is evident that the SIB discourse is still dominated by the logic of finance for market returns and therefore social investment narratives appear to still be heavily influenced by finance professionals from conventional financial institutions (Nicholls, 2010). These influences are particularly evident when social investment is framed within the normative language of financial economics and tells us something about the implicit logic of capital markets (Evans, 2010). This is evident in Fraser, et al.’s (2018) comprehensive review of the theoretical and empirical academic and ‘grey’ literature on SIBs, conducted to understand the emerging

concepts and narratives underpinning SIB policy area. Through the identification of three distinct narratives (a public sector reform narrative, a financial sector reform narrative, a cautionary narrative) they detected a dominance of the values and normative assumptions of the private sector. As well as raising questions about whether profitability, competition and market incentives can be reoriented for social good, from a voluntary sector research perspective their study tells us more in terms of what narrative is missing from the SIB agenda than anything else. With a distinct lack of VS voice in the majority of the literature, Fraser, et al. (2018) raise concerns that there is little understanding of the impact of financial incentives on the VS providers. National Government has been keen to promote SIBs as an answer to the VS funding challenging (Del Giudice and Migliavacca, 2018) but, with such little focus turned on the VS narrative, it is difficult to gain any understanding of the impact of the SIB agenda on the operating environment of the VS and the VS' role within this, beyond ground-level individual SIB evaluations.

4.5 New Institutionalism

If, as Beckert (2009) suggests, markets are as much socially constructed arenas as they are economic realms, then the engagement and decision-making of SIB market actors must be understood from the social contexts that lead to the framing of a market for SIBs. One approach to understanding this is through a new institutionalist lens, which can provide insights into the dynamics of the SIB ecosystem through analysis of the organising principles, strategies and normative orientations of actors (Schmidt, 2010). New institutionalists hold the unified perspective that institutional contexts matter to human behaviour, therefore researchers are interested in analysing how the rules and procedures of an institution effect individual choice and collective decisions (Immergut, 1998).

However, scholars acknowledge that rather than being a coherent and unified theoretical school, new institutionalism “includes several ‘branches’ or ‘streams’ which developed in relative isolation to each other” (Lecours, 2005. p16.). These branches typically consist of three broad and sometimes intersecting approaches: historical, rational choice and sociological. Conflict between the different approaches focuses on the question of how much weight should be given to the influence of rules and structures of the institutions within a

social phenomenon, versus the agency and individual decisions making of actors (Koelble, 1995).

Historical institutionalism is a more structural approach based on the assumption that “a historically constructed set of institutional constraints and feedbacks structure the behaviour of political actors and interest groups during the policy-making process” (Béland, 2005(b), P29). Under this approach, the SIB market would be analysed as an inevitable evolution of historical capitalist structures through the influence of financial institutions within politics. The VS perspective and the individualism of VS leaders therefore becomes (almost) obsolete to the research.

Rational choice institutionalists place more emphasis on the strategic calculations of actors, with institutional rules providing opportunities or constraints that can set the preferences for an individual’s actions (Immergut, 1998). Under this approach VS engagement with the SIB market would be studied from the perspective of individual VS leaders making rational choices to pursue SIBs as a part of their own strategic interests. This would limit the scope to analyse issues of institutional power for the VS and which institution’s interests are being privileged.

Sociological institutionalism, which this study favours, is grounded in organisational theory and encompasses discursive analysis (Alasuutari, 2015). For sociological institutionalists, individual decisions are influenced not only by the institutional setting but through larger frames of reference (Koelble, 1995). The focus here is on the norms, values, culture and ideas that define institutions and that are internalised by their actors (Lecours, 2005, p16.). A sociological intuitionist approach to SIBs exposes “evolving rules, norms and practices because these enduring features affect the decision-making of key actors” (Lowe, et al. 2018), including the decision making of VS actors.

Institutions can refer to any powerful group, such as the Government, financial sector or the media (Mayr, 2008), and are not the same as organisations but can best be understood as the patterns of behaviour that make up the “rules of the game” within a sector (Lowndes, 2009, p.94), with organisations being the players within the game. New institutionalists would argue that institutions play a pivotal role in the social system in which they are embedded as they are primary sites for ‘reality construction’ (Mayr, 2008).

Schmidt (2010, p.2) argues that new institutionalism moves institutional analysis beyond the ability to merely explain continuity of belief systems and enables researchers to also explain innovation and change in policy; “whether this means the role of ideas in constituting political action, the power of persuasion in political debate, the centrality of deliberation for democratic legitimation, the (re) construction of political interests and values, or the dynamics of change in history and culture”. So much government policymaking and service-delivery now involve private and voluntary sector partnership networks (Rees and Mullins, 2016), including the SIB model. Thus, the institutional inter-play between Government, private and voluntary sector may take the form of relevant rules such as commissioning practices, community strategies and performance plans, which have been consciously designed and clearly specified, or the rules may take the form of unwritten customs and codes that have inherent power relations (Coule and Patmore, 2013). A new institutionalist perspective to SIBs provides an understanding of these rules and systems of interaction across the formal institutional barriers and allow identification of the different sets of rules at play within the overall institutional matrix of the three main SIB players.

4.6 Institutional Logics

Lowndes (2009) outlines that there are three important aspects to new institutionalism, which moves the theory on from its historical institutionalist predecessors.

Firstly, new institutionalism does not solely focus on the formal rules and structures of institutions but recognises that behaviour is also shaped by informal conventions and coalitions. Like Beckert’s (2009) previously discussed competition problem, where market suppliers can devise informal agreements based on routine knowledge that establishes them as an important player in a given market, these informal conventions can act as filters that selectively favour particular organising principles and causal beliefs that political actors can use as a best means to achieve their ends (Béland, 2005(a)). These informal networks and pathways for sharing knowledge can reinforce certain institutional logics that enable dominant groups to gain a more stable position for themselves than through repressive state powers (Mayr, 2008). For example, Immergut’s (1998) concepts around the contextual logics of causality links Margaret Thatcher’s deregulation of interest rates to the formation of the

collective actor, the 'city', through informal coalitions. As financial investors began to try to predict fluctuations in interest rates, they formed new informational networks to disseminate monetarist ideas, which eventually led to the founding of new economic institutes and much closer links with the Government. This emergence of a previously, non-formally organised, collective actor provides an understanding of certain institutional forces that contributed to the emergence of New Public Management (Hood, 1991) and the dominant role of market actors in the UK (Coule and Patmore, 2013).

Through a new institutional lens, these ongoing shared conventions and interactions between political institutions and the wider institutional framework of the finance sector has created the pathway for social investment, with the UK being a predictable setting for informal arrangements influencing the development and advocacy of the first SIB model. The underlying premise of SIBs- bringing market forces to social welfare- reflects the underlying organising principles of key players from conventional finance institutions who have started up new organisations and expertise in the social investment space over the past 10 years (Nicholls and Pharoah, 2008). These financial principles have led to a number of ideals, values and tools being imported from private sector management practices into services addressing social problems (Lowe, et al. 2018). London provides a home and geographical convenience to both Westminster-based Government policy entrepreneurs and City-based major SIB investors, who will inevitably share systems of interaction across both formal and informal networks (Williams, 2019). Along with these systems of interaction, significant shifts in Government agenda setting do not often happen incrementally, and also require perfect timing to embed favoured organising principles and causal beliefs into structured policy change. Kingdon's (1993) theory on public policy agenda setting describes critical points in time, when the greatest agenda change occurs, as 'open policy windows'. Windows open when "a problem is recognised, a solution is available, and the political conditions are right" (Kingdon, 1993, p.42). The renewed focus on the cost of welfare spending following the 2008 financial crash (problem recognised) and the newly formed, Conservative-led, coalition Government that came into power in 2010 following an inconclusive election (right political conditions) created the right opportunity for advocates of SIBs. Having already built networks with Government, social investors were able to use the open policy window to present SIBs as a legitimate policy proposal (available solution).

Lowndes' (2009) *second* important aspect of new institutionalism is achieved through critical analysis of the way political institutions embody values and power relationships. Rather than simply taking Government behaviour at face value, a new institutionalist approach recognises that Government actions can encourage the mobilisation of interests by legitimising particular voices or ideologies (Immergut, 1998). A central logic is deployed as a means to mediate between organisations and society; "institutional logics constitute institutionalised organising principles to guide field members based upon a set of belief systems and associated practices" (Coule and Patmore, 2013, p.981). Béland (2005 (a)) believes that institutions truly influence policy-making and that elected politicians reproduce established institutional logics in order to justify unpopular reforms and avoid losing too much political capital and electoral support. Reforms are introduced through policy alternatives to problems that appear to be pressing, (Kingdon,1993), and grounded by specific paradigms embedded within the proposals. These reproductions of established institutional logics can embody power relations when deployed for policymaking in areas such as welfare reforms, "by privileging certain positions and certain courses of action over others" (Lowndes, 2009, p.95).

Kingdon (1993) notes that conditions (such as the cost of welfare) can become problems when they are in conflict with prevailing values (for example when a new political party comes into power). Policy entrepreneurs can then hook their solutions to the problem: "getting people to see a condition as a problem is a central political accomplishment" (Kingdon, 1993, p.42). Béland (2005 (a)) refers to these reinforcing strategies as 'path dependences', that can include private sector organisations reinforcing the path-dependent logics of Government policymaking in areas they have a vested interest in. Established institutional logics can set-out or reinforce particular expected roles between institutional representatives, who must comply with the institutional norms and objectives, including the conceptualisation of 'experts' and 'non-experts' and 'clients', (Mayr, 2008). In the case of SIBs, beyond their surface presentation as the answer to pressing complex social problems (Dayson, et al. 2018), there is an embedded financial logic that links the quantification and monetisation of social outcomes with better service quality and performance (Albertson, et al. 2018). The emphasis on performance management and data collection, along with extensive micro-management of VS organisations to attain successful outcomes means a

renewed focus on 'business-like' approaches (Lowe, et al. 2018). Government's reinforcing of a financial logic through SIB policy implementation embeds the norms and objectives of the institutional orders of 'the market' on social welfare service provision, thereby positioning key players from financial institutions as the 'experts' and the VS providers of social welfare as 'non-experts'. The institutional logic of finance is utilised in a way that legitimises the SIB model as a response to social needs and provides an interpretation of who has a legitimate case for membership in the SIB ecosystem (Coule and Patmore, 2013).

DiMaggio and Powell's (1983) concept of institutional isomorphism outlines that the process of legitimisation for organisations which conform to the normatively sanctioned, institutionally defined rules of their chosen field, leads to different organisations in the same line of business become increasingly similar to each other. "Organisations in a structured field, to paraphrase Schelling (1978:14), respond to an environment that consists of other organisations responding to their environment, which consists of organisations responding to an environment of organisations responses" (DiMaggio and Powell, 1983, p.149).

Isomorphism through an institutional lens acknowledges that organisations are not only competing for resources and customers but also for political power and institutional legitimacy, which can lead to rational actors making their organisations increasingly similar due to powerful external forces.

However, Lowndes' (2009) *third* aspect of new institutionalism, recognises the role of actor agency. Rather than the deterministic approach of earlier institutional approaches, where environments are the basis of social systems, new institutionalism also considers the required agency and intended action of individuals to maintain institutions (Coule and Patmore, 2013).

Actor agency in SIB development has been identified by Ronicle, et al. (2017) as one of the four essential factors for SIB development in their LOUD model (collective Leadership, clear Outcomes, shared Understanding, Data). Their findings, from 25 SIB trailblazers from across the UK, identified that different SIB champions from different organisations, with passion and professional credibility within their field, were instrumental in the uptake of SIBs as a model. Within the SIB LOUD model (Ronicle, et al. 2017), this concept of 'professional credibility' highlights that actors must still go through a process of legitimisation within their institutional

field when embarking on new or innovative initiatives. The idea of actor agency in sociological institutionalism is not to say that individuals and organisations are not constrained by institutional rules but that they have agency to act, challenge and adapt strategies within the established set of domain rules. In a model such as a SIB, where activity straddles state, private and VS domains, this raises questions about which institutional rules are in play, how is legitimisation granted and what is the process of 'consent' for players within the SIB ecosystem?

Mayr (2008) suggests that institutions cannot be viewed as social collectives for producing shared meaning but as places of struggle, where different groups compete to serve their own interests by shaping social reality. The SIB space is an example of where different sectors with different sets of institutional rules interlay; they are not necessarily compatible, or reinforcing, or even moving in the same direction, but they will inevitably have a knock-on effect for each other (Lowndes, 2009). This knock-on effect goes beyond the realms of impacting organisational change: it instead involves institutional change, perhaps with altered 'rules of behaviour' that specify and embed new norms, incentives and sanctions. Lowe, et al's. (2018) case study on creating and implementing a SIB showed that institutional alignment is more easily achieved at a policy level rather than delivery level. They acknowledged that this was partly to do with the VS SIB delivery organisations having practices and cultures that are typically at odds with how the SIB worked, particularly the focus on financial processes.

The interest for VS research is whether the dominant institutional logic for SIBs is compatible with VS organisations or whether the logic used to justify the SIB model is actually changing VS behaviour. Is it positioning the VS as a subordinate group compared to the other SIB players of state and private sector? Identifying the dominant institutional logics used by key actors in the SIB ecosystem, that justify the existence of SIBs, will lead to a better understanding of how organisations try to shape the social system in which they are embedded (Creed, Langstraat and Scully, 2002) and whether or not this shaping is reinforcing power imbalances between the different sectors. Institutional logics are a promising theoretical tool to examine the interplay between the Government, private and VS partnerships through the implementation of SIBs, particularly how the interplay impacts on the multidimensional characteristics of the VS (Knutsen, 2012).

4.7 Institutional Frames

To induce particular behaviours, it may be argued that institutional agents utilise institutional logics as filters, selectively communicating their institutional aims as the best means to achieve their ends (Immergut, 1998). Béland (2005 (a), p.11) describes the ability to successfully frame policy alternatives through existing ideological repertoires as an essential tool utilised by political actors: “Frames are not policy ideas in the strict sense of the term: they constitute a discourse that helps political actors sell policy choices to the public”. Discourse, in this context, is not simply the communication of ideas or a description of what is being said but also the interactive process of discourse: the author’s intended audience, the selected platform for communication and the overall purpose of the narrative (Schmidt, 2010). Immergut (1998) argues that framing goes beyond Government speeches and is embedded within culture, language and symbols, which together provide interpretive frames for political mobilisation.

The framing of policy ideas requires the construction of a shared or accepted understanding of reality (Hastings, 1998). Framing is therefore a powerful tool used by institutional agents to legitimise their own institution’s interests and existence through controlled discourses. This enables policy ideas to gain public support: they are presented as ‘good’ ideas, using language and coherent symbols that represent the shared ideological repertoire dominant in society. The use of persuasive discourse helps to shape public opinion and enable politicians to win elections: it gives policy actors a set of principles and causal beliefs as a hook for their policy idea. This view of discourse is not to say that discourse is all there is, rather that it plays an important role in constructing reality and creating patterns of understanding, which are then applied to social action (Mayr, 2008).

Discursive institutionalism is a more recent arm of new institutionalism: it views institutional behaviour as being actively shaped by the ideas and narratives that are deployed both to explain and to legitimise political actions (Lowndes, 2009). It is an umbrella term for the process researchers employ to interpret the discursive practices used in the construction and communication of policy ideas (Schmidt, 2010).

This approach does not simply focus on the communication of ideas via a particular medium but also considers the institutional context in which ideas are communicated via institutional logics. Discourses can be used in highly strategic ways, playing a powerful causal role in shaping policy and “should be treated as objects of enquiry in their own right” (Hay and Smith, 2005, p.125). Researchers are able to deconstruct texts to explore how language is presented to advance and legitimise embedded logics within policy-making (Hastings, 1998). “All texts, regardless of how clear or abstruse they may be, are comprised of packages of integrated idea elements held together by some unifying central concept, called a frame” (Creed, Langstraat and Scully, 2002, pp37).

Mayr (2008) identifies that framing-through-language plays such a significant role in current society because of the ‘knowledge-driven’ landscape of new capitalism, which requires constant knowledge-generation about the world and how people are expected to act within that world. Returning to Beckert’s (2009) social order of markets and three coordination problems; the absence of information can be a significant obstacle to the development of markets, as people will not buy (or buy into) things that they don’t have enough information about. Those who are driving market development must utilise the process of sharing market information as an opportunity to justify to, and establish buy-in from, their intended audiences. This is an important aspect to consider in the mobilisation of SIBs: the framing of causal beliefs to justify the involvement of private finance within a new social welfare model. Government’s promotion of social investment has placed the state, private sector and voluntary sector into ideal supply/demand transactional relationships (see Figure 4.1). These distinctions between supply and demand actors within the SIB marketplace largely depend on whether the ‘product’ being sold is viewed as a financial or a social package (as previously discussed in this chapter).

Through an institutional lens, the information literature produced to introduce and grow the SIB market is thus utilising frames to embed and legitimise institutional logics that signal to the audience how we should view the product. By analysing the texts produced by both Government and other dominant players who are guiding the SIB agenda, there is an opportunity to gain insight into the use of institutional logics to construct a SIB narrative and understand exactly whose interests these narratives serve. “Seeing which frames were

advocated by whom and which ultimately dominated pushes deeper understanding about power, politics and interests” (Creed, Langstraat and Scully, 2002, p.38).

4.8 Conclusion

New institutionalism (DiMaggio and Powell, 1983) emerged as an approach to understand complex relationships between institutional architects, institutionalised subjects and institutional environments (Lowndes, 2009). DiMaggio and Powell’s (1983) ‘mimetic’, ‘normative’ and ‘coercive’ structure of isomorphism conceptualised the institutional frameworks within which organisational actors operate – the evolving rules, norms, values and ideas that influence how organisations respond to their environment and subsequently influence how other organisations, within the same field, respond to their environment. Lowe, et al. (2018) took a new institutionalist approach in their case study of SIB development within a health-care setting. Across the macro (commissioner), meso (inter-organisational) and micro (health-care) level, their study highlighted that “the requirements of the work to implement a SIB with a finance focus is not always congruent with its setting” (p.25).

Criticism of new institutional theory has focused on its inability to situate actor agency within the societal context (Friedland and Alford, 1991, as cited in Thornton, Lounsbury and Ocasio, 2012). Thornton, Lounsbury and Ocasio (2012) describe the distinction of institutional logics (from its theoretical pre-cursor of new institutionalism), being the embedding of the interests, identities, values and assumptions of both individuals and organisations, rather than the macro structural approach of DiMaggio and Powell (1983), with its emphasis on ‘structure over action’. Milbourne and Cushman (2015) acknowledge that isomorphism has a place in examining the broader changes affecting VS operating environments but provides “limited explanations for the complexity of responses visible at the level of everyday organisational dilemmas and activities” (pp.24-25). They highlight the value of both micro as well as macro-level research in order to understand agency while critiquing the bigger picture.

Institutional logics provide the organising principles that guide sector actors, based upon a set of belief systems and associated practices (Binder, 2007). Coule and Patmore (2013) outline that these logics are interpreted in order to determine who gains membership to the service system and what practices are considered legitimate as a response to social needs. In their

case study looking at the central logics of public management and the role of VS within the public service system, they determine that “non-profit actors draw upon the competing institutional logic available to them to frame and service their maintenance and transformation-driven interests” (p.988). SIB’s hybrid arrangement attempts to combine elements from different institutionalised fields (public, private, voluntary) and will therefore provide an interesting domain to study VS behaviour through the analytical framework of institutional logics.

The following chapter 5 outlines how the theoretical framework outlined in this chapter has influenced, shaped and been embedded within the study’s research design and methods, including alignment with the chosen philosophical perspective.

Chapter 5: Research Design and Methods

5.1 Introduction

Lecours (2005) argues that methodology and epistemology is as fundamental to new institutionalist studies, as the theoretical implications of institutions. As discussed in chapter 4, there exist many strands to new institutionalism. An ongoing criticism by non-institutionalist scholars of new institutionalist approaches involves the question of how much weight is given to the influence of institutions and the influence of the decisions of actors in a social phenomenon (Koelble, 1995); the structure versus agency debate (Coule and Patmore, 2013). To some extent, this contestation is somewhat misplaced as the methodological and epistemological positions of the research can be justified through the design and methods chosen by the researcher to conduct their institutional analysis (Lecours, 2005).

This chapter outlines and justifies the methodological approach taken to address the research aims and questions of the study. It discusses epistemological issues that have formed the basis of the methodological choice for a mixed-method research design. Through 3 phases, it outlines the methods including sampling, data collection and approaches to analysis. As a study conducted by an 'insider researcher', a detailed section on reflexivity is included towards the end of the chapter.

5.2 Research Aims and Questions

The aim of this study is to examine Voluntary Sector (VS) engagement within the UK Social Impact Bond (SIB) agenda in order to explore issues of identity and independence for VS organisations in how they navigate a funding environment increasingly influenced by the logics of the market.

The thesis responds to the following research questions:

1. What institutional logics are driving the UK Government's framing of the national SIB agenda?
2. How do the institutional logics of SIBs affect the Voluntary Sector's collective identity?
3. How are Voluntary Sector actors rationalising the institutional logics of the SIB agenda at local operational level?

5.3 Epistemology

This study aims to explore the integrating material (structures and practise) and symbolic aspects (language, values and meanings) of the SIB agenda to understand how VS individuals and organisations are influenced by and make sense of the interinstitutional system of SIBs. Although at their theoretical core is the impact of institutions on political processes, there are significant differences between new institutionalist's intellectual traditions that embody different methodological and epistemological positions, particularly in terms of how they define the relationship between individual actor agency and institutions (Alasuutari, 2015). From an epistemological stance, this study follows the sociological tradition to new institutionalism instead of historical institutionalism or rational choice disciplines. Sociological new institutionalism is grounded in organisational theory and aims to understand the 'frames of meaning' provided by institutions that are interpreted into human action (Schmidt, 2010). This follows an interpretative paradigm seeking to understand the meanings, motives and rules that have influenced the development of a SIB market and SIB actors' subjective response to it. An interpretative approach fits with the theoretical framing of institutional logics in that the underlying ontological assumptions place 'social reality' as not singular or objective but rather as shaped by human experiences and social contexts. Through an interpretive perspective this study views the SIB market as a social construct (Beckert, 2009). As Blaikie (2008, p116) outlines: "Social reality is regarded as the product of processes by which social actors together negotiate the meanings for actions and situations; it is a complex of socially constructed mutual knowledge – meanings, cultural symbols and social institutions."

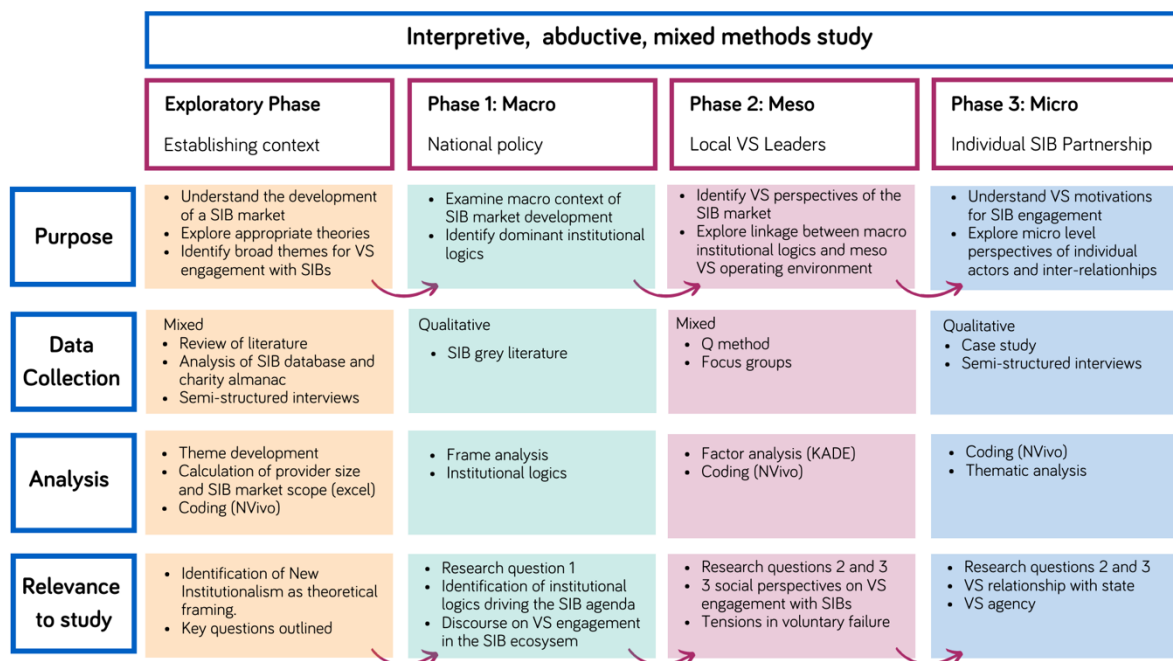
5.4 Research Design

To understand the multiple layers of SIBs through an institutionalist lens, this study follows an abductive research strategy that is associated with a range of interpretive approaches (Blaikie, 2008). To understand the linkages between institutional structures and individual VS practices, the study explores the UK SIB market at a macro-meso-micro perspective (Roberts, 2020, Serpa and Ferreira, 2019). Thornton, Ocasio and Lounsbury (2012, p.14) outline that, from an institutional logics perspective, observing across levels enables the researcher to see "the workings of mechanisms" and "the contradictory nature of institutional logics".

An abductive strategy has grounded theory construction through the language and meaning of social actors in the SIB ecosystem. A mixed-method approach was adopted through three phases: the reframing of macro-level SIB grey literature; Q method combined with focus groups involving local VS leaders; semi-structured interviews with a partnership of actors involved in a single SIB case. Data has been analysed using methods that focused on the articulation, deliberation and rhetoric of institutional logics that are presented by different stakeholders to legitimise their transference of ideas into actions. Through the triangulation of these different data sources, the study has provided an understanding of structure and meaning of SIB development in the VS.

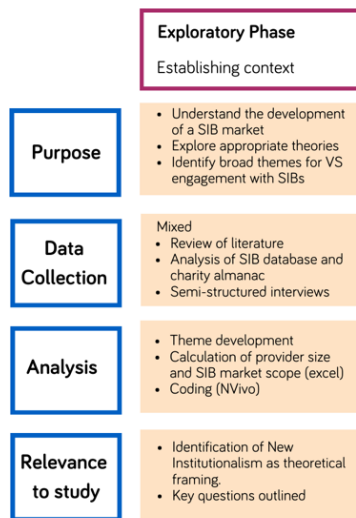
The following diagram provides a visual overview of the research design outlining the different phases of enquiry, their method, data collection and analysis.

Figure 5.1: Diagram of Research Design



The remainder of this chapter discusses each research phase in turn, before reflecting on study limitations and researcher reflexivity.

5.5 Exploratory Phase



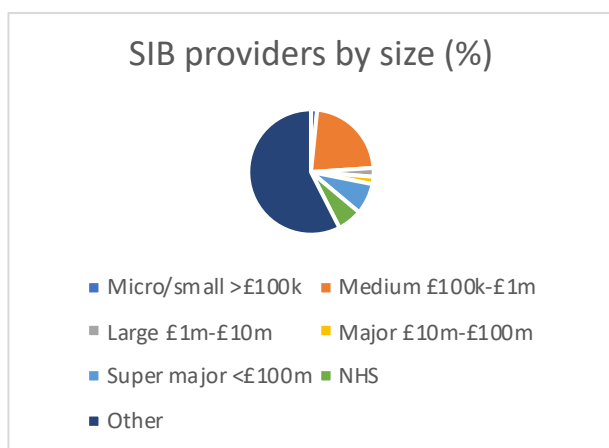
Blaikie (2008, p.73) suggests exploratory research as “necessary when very little is known about the topic being investigated”. In 2019 the SIB market was growing (Ronicle, et al. 2017); with 75 ‘live’ SIBs launched in the UK since 2010, according to the UK Go Lab Project Database, and many more were either in the pipeline or had been developed but failed to launch. However, as an emergent phenomenon, in the first year of the PhD, there was a relative lack of academic research focusing on the VS as deliverers of SIBs and the experience of VS in SIB development and implementation.

The research aims and questions were therefore shaped following exploratory research to gain a greater understanding of the organisational characteristics of VS providers in SIB delivery and to gain a sample overview of SIB stakeholder experiences to sharpen the research focus (Blaikie, 2008).

The exploratory research was conducted in two stages:

Stage one utilised the Government Outcome Lab’s SIB Project database to conduct initial mapping of the 69 SIBs ‘live’ at that time (August 2019), to identify the size of the market and gauge the type, size and spread of the provider organisations (see Figure 5.2 and 5.3 below).

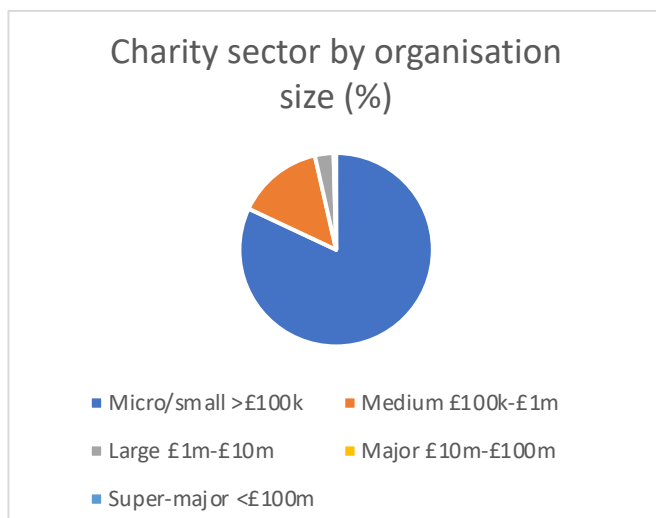
Figure 5.2: Example of SIB mapping – SIB providers by size



Note: author’s chart drawing on data from the Government Outcome Lab’s SIB Project database 2019, GoLab.

Other = CIC’s (6), Housing Associations (5), Co-operative/Mutual (1) or companies (a mix of private and ltd by guarantee)

Figure 5.3: Example of SIB mapping – charity sector by organisation size



Note: Taken from data from The UK Civil Society Almanac 2019, NCVO

See note above.

Stage two conducted semi-structured interviews with 12 stakeholders identified using purposive sampling (Silverman, 2005) to ensure interviews encompassed different sectors and identified different perspectives (see Figure 5.4 below).

Figure 5.4: Exploratory interview participants



The aim of the exploratory interviews was to identify any common themes and factors that were contributing to charities engaging with the SIB market. Participant Information Sheets were provided for each participant to gain consent. Interviews took place over the phone or in person, with an audio recording taken and summary write-up produced.

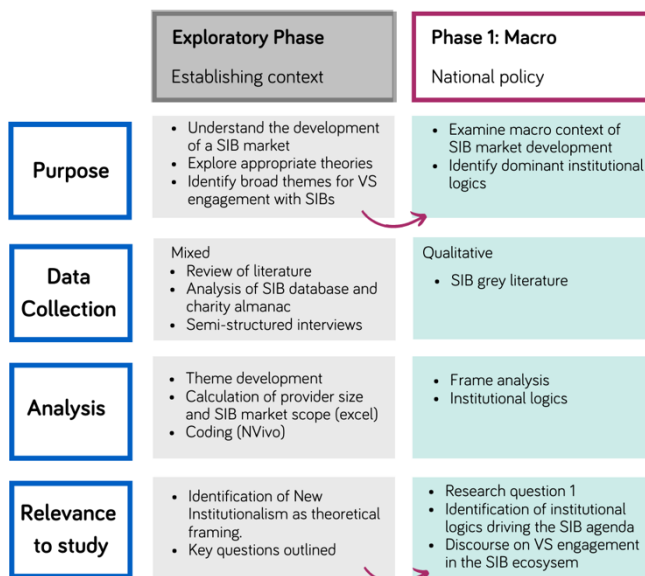
Findings from the exploratory research identified four broad key themes in relation to VS engagement with SIBs:

- Marketisation of health and social care
- VS relationships with the State
- VS behaviour change
- VS Agency

The exploratory research findings have been interwoven within the literature review (chapter 3) to respond to any identified gaps in the literature and subsequently support the developing of the aims and research questions of the study.

5.6 Phase 1: Macro Perspective

Phase 1 of this study is interested in the framing of SIBs from a macro, national-level of discourse; exploring the institutional logics driving the agenda and the rationalities being deployed by key SIB stakeholders.



It asked the following questions:

Firstly, what are the underlying logics being employed to frame SIB texts by the main players in the SIB eco-system? Secondly, what do these logics tell us about the positioning of the VS in the SIB ecosystem?

Frame Analysis

According to Creed, Langstraat and Scully (2002) texts are constructed to comprise discourses, patterned behaviour and systems of meaning, policy logics and deep cultural narratives, which are held together through the unifying concept of a frame. Frame analysis

seemed the most appropriate means to examine the macro-level questions as it is an analytical tool that can enable researchers to deconstruct the integrated elements within texts and situate their diverse frames. In this process, 'text' refers to an 'observable product of interaction' and discourse being 'the process of interaction itself: a cultural activity' (Talbot, 2007, as cited in Mayr, 2008, p.7.). Creed, Langstraat and Scully (2002, p.37) outline the purpose of frame analysis as providing a process for understanding how ideas are linked together to establish meanings through "soundbite-like signifiers". The process can distinguish underlying logics; situate frames in context; surface the politics, subjugated voices and implicit ideologies, and support the researcher to make choices about their own positionality within the research. "A main contribution of frame analysis lies in its ability to unveil highly charged political differences that are typically masked by bland and seemingly innocuous policy statements and discourses that no-one could object to" (Creed, Langstraat and Scully (2002, p.45).

Text Selection

To make this analysis effective, this study followed Silverman's (2005) advice on text analysis and analysed a limited but selective body of texts to consider how documents might frame texts to convey the author's institutional interests. Mayr (2008) outlines that text interpretation needs to work out what the author is doing through discourse and how this 'doing' is situated within the wider context of the text. Consequently, by considering the speaker and medium of speech, frame analysis can help to "decode the meanings of discursive elements" (Creed, Langstraat and Scully, 2002, p.43).

Author consideration had the aim of including texts from the key players who have a 'stake' in the development of the SIB market. The texts were selected to cover the period 2010-2020 and from organisations from a cross section of the SIB eco-system:

- UK National Government: as an enthusiastic pioneer of the SIB model, the UK Government has a considerable 'stake' in the SIB market. McGovern (2015) suggests that the mechanisms for the implementation of Government policies appear as harmless means to achieving desired state outcomes but are actually ways of implanting and ensuring changes of a highly political nature.

- Local Government: SIBs are mainly deployed at local authority level, which means that those authorised to implement SIBs may be from an opposing political party to National Government. This is interesting ground to see where groups with potentially opposing views justify the use of SIBs as a funding mechanism.
- Think tanks and Government affiliated organisations: to support the SIB market to gather momentum, Government established and invested in the Government Outcomes Lab (GoLab) and the Centre for Social Impact Bonds as agencies to build SIB expertise. Béland (2005 (a)) refers to this as establishing a para-political “policy community” whose actions are institutionalised, and their administrative structures support the framing of new policy design.
- Social investors: financial institutions and the associated intermediary organisations have been underlined as part of the system of propagation of policy ideas (Béland, 2005 (a)). Fraser, et al. (2018) established that SIB literature is dominated by financial language. One goal of frame analysis is to find the connections between a cluster of texts, as well as explaining why a single text is meaningful (Creed, Langstraat and Scully, 2002).
- Funders: Creed, Langstraat and Scully, (2002) outlines that a frame sponsor may use a frame differently for different audiences and in different settings. The National Lottery Fund has been used as a sponsor of SIBs through the distribution of the Government’s large-scale SIB incubation grant programme. But the National Lottery Fund is also one of the VS’s primary grant givers, whose principles are portrayed as being closely aligned to communities and charities.

Text selection was also considered in terms of the intended audience. Analysis focused on non-academic texts, described by Fraser, et al. (2018) as ‘grey’ literature. This literature was chosen for analysis as the intended audience is predominantly non-academic (for example VS leaders and state commissioners). Non-academic audiences will access these texts for practical purposes when seeking information and guidance on SIBs. The purpose of the ‘grey’ literature is to introduce and grow the SIB marketplace: these texts, therefore, aim to have an influence on shaping the SIB agenda and subsequently provided a richer context for analysis (Creed, Langstraat and Scully, 2002).

Fraser, et al. (2018) identified that public sector and private sector reform narratives dominated the 'grey' or non-academic literature and that there were significant elements of convergence between the two narratives. This was noted as highlighting the allegiance of SIBs across the political and financial sectors. Fraser, et al. (2018) also noted that the VS (the main SIB providers) had a lack of a coherent narrative supporting the sector's engagement. This reinforces why this study has selected no texts for analysis from the VS itself. There is very limited information on SIBs produced by the VS at a macro national-level of discourse beyond very practical 'how-to' guides. This gap is one of the areas that this study aimed to investigate.

Béland (2005 (a)) identifies that policy alternatives popular during particular economic and political conditions may not be appropriate when these conditions change. The texts for this study were selected to 'straddle' a SIB timeline from 2010 – 2016 (identified by the researcher as the early pioneering stage of the SIB market); 2017-2019 (ongoing SIB market development) and 2020-21 (10-year market development and Covid-19 influence), in order to see if there have been any subtle or substantial shifts in discourse over time. Politically and economically, the last 10 years in the UK has seen significant shifts; of note are the changes in political leadership, ongoing Brexit discussions and Covid-19 pandemic. Situating frames within the economic and political context of the last 10 years of SIB development helped with understanding the deep logics reflected in the discourse of SIBs (Creed, Langstraat and Scully, 2002).

An initial review of 'grey' literature was conducted based on texts already known to the researcher. A further web-based search was made using search terms associated with SIBs (e.g. social impact bonds, social investment, pay for outcomes) along with a deep-dive of the websites of dominant organisations in the UK SIB market (Bridges Fund Management, Social Finance, Big Issue Invest).

Figure 5.5: Frame analysis text selection

	GOVERNMENT	INVESTOR	FUNDER
PIONEER STAGE 2010 - 2016	Centre for Social Impact Bonds Public: Overview of logic of SIBs from Government	Social Finance 2010 Investors and Commissioners: logic of SIBs from investor	Big Lottery Fund Investors and Commissioners: logics of SIBs from Blf Government rationale
	Minster for Civil Society speech Commissioners: Persuasion to engage	Bridges Fund Management 2014 Investors, Providers, Commissioners: logic of SIBs from investor	
		Social Finance 2016 Public: response to criticisms of SIBs	
DEVELOPING MARKET 2017 - 2019	LA: Sheffield City Council Cabinet: Overview of logic of SIBs from Local Authority	Bridges Fund Management Public: Review of SIBs work (compare to 2014)	Big Lottery Fund Investors, Providers, Commissioners: Review of programme targetted at different audiences. Compare approach.
	LA: Sheffield City Council Providers: Overview of logic of SIBs from Local Authority	Big Issue Invest 2017 Investors: Review of SIBs work	
	GoLab Senior staff within LA: Persuasion to engage		
10-YEAR MARKET AND COVID-19 2020+		Big Issue Invest 2020 Investors: Review of SIBs work (compare to 2017) includes press release about the logics of SIBs and Covid-19	

Identifying the dominant logics

As this stage of research was interested in macro national-level of discourse of the SIB agenda, the texts were not analysed in their entirety. Instead, sections were chosen that presented the authors’ rationalities in their use and development of SIBs. Hastings (1998) describes introductions as being crucial in the process of orientating the reader, often being utilised to establish the protagonist – their context, character attributions and how the reader should subsequently view them. Alongside the introduction, other sections were selected that gave enough of an overview to identify any underlying institutional logics and reframe the documents according to how beliefs of state and market were conveyed, alongside the role of VS SIB engagement. These sections typically followed the introduction in the form of outlining the purpose of SIBs and why the reader should be interested in them.

Creed, Langstraat and Scully (2002) suggest that, as a first step of frame analysis, the researcher must identify the idea elements that hold the text together and provisionally label

under thematic frame headings. Utilising learning from the literature review, a list of targeted words and concepts were drawn up under the headings Market Domain; State Domain; Social Domain (Brandsen, Donk and Putters, 2015) (see table 5.1). These domains were allocated a colour (market = yellow; state = blue; social = purple) with each text analysed by colour highlighting the targeted words or concepts. Repeated words/concepts/symbolism were highlighted in red (see figure 5.6). The labels provide an initial shorthand to grasp the essence of the text framing (Creed, Langstraat and Scully, 2002).

Table 5.1: Groupings of targeted words under logic headings

Logic 1: Market domain	Logic 2: State domain	Logic 3: Social domain	
		Society	Providers
Financial terminology	Cost to state	Social value	Social sector organisations
Technocratic	Tax payer	Better society	Social purpose businesses
Private sector as experts	Reduced state risk	Successful communities	Mission-led businesses
Competition	Complex social problems	Social action	VCSE
Entrepreneur	austerity	Inclusive society	Impact-driven organisations
Individual responsibility	Performance management	Sustainable society	Small providers
Drive for improvements	Commissioning / procurement	Complex social problems	Knowledge
Cheaper / cost effective	Prevention	Unemployed	Innovate / creativity
Scaling up / market growth	Crisis expenditure	School truants	Flexibility
Incentivise / reward	Negative spending-cycle	Troubled families	Grow impact
Products	PbR	Repeat offender	Evidence work
Financial returns	Pay/fee for service	Most in need	Outcomes-focused
Market creation / forces		Disadvantaged individuals	Proven interventions
Quality of service		Consumers	
Customers		Local needs	
Deals			

Figure 5.6: Example of dominant logics identification using Social Finance publication “Towards a New Social Economy” (March 2010)

to generate a blended (social and financial) return on investment. The social and financial imperatives are aligned – investors receive greater financial returns as the social return improves.

Social service providers – Social Impact Bond investment is used to pay up front for the delivery of services enabling providers of all sizes to participate in generating success. Providers are encouraged to innovate to achieve the best possible outcomes for the target population. The focus is on the value for money that social service providers can offer in terms of improved social outcomes, not on the cost of services alone.

We believe that Social Impact Bonds represent a significant step forward. However, they are also only one way of funding better social outcomes and may not be an appropriate funding mechanism for every social problem.⁴

Because Social Impact Bonds require the engagement of a number of stakeholders, they can be complex to set-up. We believe that, in the current economic environment, Social Impact Bonds are feasible if:

- They address a social problem that has high costs for the public sector and can be measured;

Analysis was an iterative process of initial reading and colour highlighting, secondary reading and then focusing on highlighted text. Creed, Langstraat and Scully (2002) refer to this as a distilling process that guides the emerging characterisations of the frames. A Signature Matrix was then completed for each text that explored any key concepts, logics and symbols presented by the author. Logic labels were assigned to each text identifying whether the Market, State and/or Social headings were explicit, implicit, secondary, passing or absent.

VS representation and other logics at play

Texts contained elements of other frames layered beneath the presented domain. To understand how the dominant logics impacted on the positioning of the VS within the texts, a final analysis was conducted on the purple highlighted text under the social domain. All the words and concepts highlighted were grouped according to emerging themes to give an overview of any other logics at play or subjugated voices. Full references for the document codes are shown in table 5.2 below.

Table 5.2: Document references and codes

Doc Code	Logic 1: Market Domain	Logic 2: State Domain	Logic 3: Social Domain	Reference
FA1	Dominant (Implicit)	Reinforcing (Explicit)	Passing	Social Finance (2010). Towards a New Social Economy, Section 1, accessed https://www.socialfinance.org.uk/resources/publications/towards-new-social-economy
FA2	Reinforcing (Implicit)	Dominant (Explicit)	Reinforcing (Explicit)	The Big Lottery Fund (2013). About Commissioning Better Outcomes and the Social Outcomes Fund, Page 3-6. Cabinet Office accessed https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/261051/CBO_guide.pdf
FA5	Reinforcing (Passing)	Dominant (Explicit)	Absent	Sheffield City Council (2018). Promoting Independence Report, sections 4 and 6. Local Government Cabinet Report.
FA7	Dominant (Implicit)	Reinforcing (Explicit)	Passing	Sheffield City Council (2018). SSQ PQQ Section 1 - Intro - Promoting Independence, section 3.6, 16. Local Government Tender Document, Doc C.
FA9	Dominant (Implicit)	Reinforcing (Explicit)	Absent	Centre for Social Impact Bonds (2013). Guidance on Developing a Social Impact Bond, section 1 and 2. Knowledge Box.
FA10a	Absent	Dominant (Explicit)	Passing	Ronicle, J, Standworth, N and Hickman, E (2019). Commissioning Better Outcomes Fund Evaluation - 2nd Update Report, <u>Summary Report Targeted at Commissioners</u> . Ecorys on behalf of the Big Lottery
FA10b	Dominant (Explicit)	Reinforcing (Implicit)	Reinforcing (Implicit)	Ronicle, J, Standworth, N and Hickman, E (2019). Commissioning Better Outcomes Fund Evaluation - 2nd Update Report, <u>Summary Report Targeted at Providers</u> . Ecorys on behalf of the Big Lottery
FA10c	Dominant (Explicit)	Reinforcing (Implicit)	Passing	Ronicle, J, Standworth, N and Hickman, E (2019). Commissioning Better Outcomes Fund Evaluation - 2nd Update Report, <u>Summary Report Targeted at Investors</u> . Ecorys on behalf of the Big Lottery
FA11	Dominant (Explicit)	Reinforcing (Implicit)	Absent	Social Finance (2016). Social Impact Bonds the Early Years, pages 7-8, 20-23. Accessed https://www.socialfinance.org.uk/sites/default/files/publications/sibs-early-years_social_finance_2016_final.pdf
FA12	Dominant (Explicit)	Passing	Passing	Bridges Ventures LLP (2014). Choosing Social Impact Bonds, introduction and section 1. Accessed https://www.bridgesfundmanagement.com/publications/choosing-social-impact-bonds-practitioners-guide/
FA13	Dominant (Explicit)	Absent	Absent	Bridges Fund Management (2017). Annual Impact Report, introduction. Accessed https://www.bridgesfundmanagement.com/bridges-annual-impact-report-2017/
FA14	Dominant (Implicit)	Absent	Reinforcing (Explicit)	Big Issue Invest (2018). Impact Report, pages 4,5,10-11,16-19
FA16	Reinforcing (Implicit)	Dominant (Explicit)	Absent	GoLab (2018). Social Impact Bonds: an overview, sections 1 and 2. Accessed https://golab.bsg.ox.ac.uk/the-basics/impact-bonds/
FA17	Reinforcing (Passing)	Dominant (Explicit)	Reinforcing (Implicit)	Wilson, R (2016) Launch of the Life Chances Fund UK Government. Speech transcript accessed https://www.gov.uk/government/speeches/launch-of-life-chances-fund-rob-wilson-speech

5.7 Phase 2: Meso

	Exploratory Phase Establishing context	Phase 1: Macro National policy	Phase 2: Meso Local VS Leaders
Purpose	<ul style="list-style-type: none"> Understand the development of a SIB market Explore appropriate theories Identify broad themes for VS engagement with SIBs 	<ul style="list-style-type: none"> Examine macro context of SIB market development Identify dominant institutional logics 	<ul style="list-style-type: none"> Identify VS perspectives of the SIB market Explore linkage between macro institutional logics and meso VS operating environment
Data Collection	Mixed <ul style="list-style-type: none"> Review of literature Analysis of SIB database and charity almanac Semi-structured interviews 	Qualitative <ul style="list-style-type: none"> SIB grey literature 	Mixed <ul style="list-style-type: none"> Q method Focus groups
Analysis	<ul style="list-style-type: none"> Theme development Calculation of provider size and SIB market scope (excel) Coding (NVivo) 	<ul style="list-style-type: none"> Frame analysis Institutional logics 	<ul style="list-style-type: none"> Factor analysis (KADE) Coding (NVivo)
Relevance to study	<ul style="list-style-type: none"> Identification of New Institutionalism as theoretical framing Key questions outlined 	<ul style="list-style-type: none"> Research question 1 Identification of institutional logics driving the SIB agenda Discourse on VS engagement in the SIB ecosystem 	<ul style="list-style-type: none"> Research questions 2 and 3 3 social perspectives on VS engagement with SIBs Tensions in voluntary failure

Phase 2 of the study builds on findings from phase 1 with the aim of exploring the VS voice that is absent from frame analysis findings. Where phase 1 focused on the literature aimed at the advancement of SIBs at a macro national-level, phase 2 focuses on the meso-level to explore the linkage between the national SIB narrative and local VS perspectives. Phase 2 utilises Q Method and focus groups with local VS leaders to explore the linkage between the macro-level narratives of SIBs and the meso-level practices of local VS organisations. Phase 2 focuses on whether VS leaders are interpreting the institutional logics into their organisational strategies or feel that these logics are imposed and causing tensions with established VS belief systems and practices.

Q Method

Q Method is a research methodology that blends qualitative and quantitative techniques to unearth social perspectives on a particular issue (Webler, Danielson and Tuler, 2009). The Q technique was developed by William Stephenson (1935) to provide a systemic approach for the study of human subjectivity (Brown, 1980). It was chosen as the next element in this study's research design as it is a method that can capture the subjective beliefs and perspectives of VS leaders about engagement in SIBs. The Frame Analysis (chapter 6) used discourse analysis to understand the institutional narratives being deployed in the SIB market that reinforce the rules and systems of interaction for the three main SIB players. This re-

framing of the SIB grey literature identified some of the dominant institutional logics of state and market systems but lacked narratives on the strengths, identity and value-adding of the VS within SIB structures. McKeown and Thomas describe Q methodology as enabling “*entry into subjective worlds...[providing] the tools for making those subjective meanings objective*” (2013, p.5). Q method therefore provided a framework for exploring VS leaders attitudes towards the portrayal of the VS in the SIB grey literature, as well as for identifying collective perspectives about what SIBs may mean for the VS operating environment.

Q methodology has primarily been utilised in psychology but has been successfully deployed across other social science disciplines, including political theory (Brown, 1980) and environmental research (Webler, Danielson and Tuler, 2009). Rhoads (2014) points out that “*any topic in which subjectivity is at issue is potential ground for a Q study*”. The intention of the Q Method is to distinguish several distinct perspectives on a topic by asking participants to rank-sort a series of statements about a subject. The ranking process requires participants to express their subjective view by ascribing meaning to each statement (Van Excel and De Graff, 2005). McKeown and Thomas (2013, p.2) refer to subjectivity as “*the communication of a personal point of view*”.

Q Method differs from other positive-negative scaling or questionnaire methodologies in that respondents cannot attach a high or low value to each item, but instead must make a judgement about which statements hold more meaning to them (Edgeley, Stasiewicz and Hammond, 2020). Findings are therefore more refined and provide distinct subjectivities about the topic. Another considerable difference between Q Method and other factor analysis techniques (notably the test theory basis of R methodology) is that analysis is focused on factor scores rather than factor loadings, leading to *operant subjectivity* (McKeown and Thomas, 2013). The method is *operant* in that it assumes that viewpoints expressed without any prior meaning attached to them can be neither right nor wrong responses; expressions are observed and meaning is then attached to them (Brown, 1980). Results are therefore subjectivities about a topic, rather than claiming to represent a sample or general population (Van Excel and De Graaf, 2005).

Methods

Participants (see '3. Selection of the P Set' for participant sampling) undertook individual Q-sorts one week before taking part in a focus group, to allow for an understanding of their subjective opinions before they could be influenced by the group discussion. The Q-sort was conducted in accordance with McKeown and Thomas (2014) and followed a five-step methodological process:

1. Definition of the concourse

The concourse, an essential part of Q methodology (McKeown and Thomas, 2014), is a collection of existing opinions and arguments that a range of people have advanced about the topic. These include lay people, politicians, representative organisations, professionals and scientists. The concourse for this Q method was informed by the literature review and exploratory research. In addition, the identified narratives and opinions from the Frame Analysis findings described in chapter 6 formed a significant part of the concourse definition.

2. Development of the Q set

The Q set is a subset of statements drawn from the concourse. It aims to provide a set of statements that is representative of the wide range of existing opinions on the topic (Van Excel and De Graaf, 2005), in this case VS engagement with SIBs. Phase 1 findings provided a structure for developing the Q set. Twenty-two statements were drawn up that represented different VS narratives derived from the SIB grey literature, attributable to state, market or Voluntary Sector institutional logic (see table 5.3). Statements were randomly ordered to ensure participants considered each statement on its own merit.

Table 5.3: Q Sort

No.	Statement	VCS Narrative	Logic
1	Being reliant on grants and donations is unsustainable for VS organisations	Behaviour Change	Market
2	Being innovative is a key strength of the VS	Identity of VS	Market
3	Social enterprises are part of the VS	Identity of VS	Market
4	Social Impact Bonds (SIBs) provide opportunities for VS organisations	Role within SIB	Market/State
5	Providing value for money is a key strength of the VS	Identity of VS	State
6	Social problems are too costly for the state to fully respond to	Role within SIB	State
7	Evidencing social impact is a priority for VS organisations	Behaviour change	Market/State
8	The VS could learn a lot about measuring social outcomes from the private sector	Role within SIB/voluntary failure	Market/VS
9	Partnerships with local/national Government provide opportunities for VS organisations	Role within SIB	State
10	Financial incentives for the VS lead to better social outcome delivery	Behaviour change	Market
11	Lack of resources is a significant challenge for the VS	Voluntary failure	VS
12	VS activity can be paternalistic	Voluntary failure	VS
13	The VS struggles to attract professional personnel in comparison to statutory and private sector organisations	Voluntary failure	VS
14	There is too much replication of VS organisations	Voluntary failure	VS
15	The VS has a significant say in its role with Government	Identity of VS	State
16	Tailoring services to people's needs is a key strength of the VS	Identity of VS	VS
17	Being flexible is a key strength of the VS	Identity of VS	VS
18	Social finance tools, such as SIBs, are predominantly about providing alternative funding to the VS	Role within SIB	Market
19	VS organisations should become more 'business-like'	Behaviour change	Market
20	Some social causes attract more wealthy supporters than others	Voluntary failure	VS
21	Growth and 'scaling-up' are important parts of VS strategy	Identity of VS	Market
22	The VS exists due to the failures of the state and private sectors	Voluntary failure	VS

3. Selection of the P set

The P set is the sample of respondents for the Q sort exercise; Rhoads (2014) suggests that this should typically be 40 participants or fewer. The selection of the P set for this study consisted of respondents who were leaders in VS organisations and can therefore be

described as data rich (Baker, 2011) with strong opinions and a particular viewpoint on the VS operating environment (Van Excel and De Graaf, 2005). This study is concerned with the impact of SIBs on the VS, using Sheffield as a case study, therefore recruitment to the P set focused on VS leaders in Sheffield who are responsible for their organisation’s income strategies. The SIB grey literature suggested that SIBs are an opportunity for smaller, local organisations to access new sources of funding, thus participants who identified their organisations as local charities were targeted. The resulting P set included 22 VS leaders from local Sheffield organisations with varied missions, as outlined in table 5.4.

Table 5.4: Participant sampling

Focus Group	No. of Participants (P)	Background* P1	Background P2	Background P3	Background P4	Background P5
1	4	CEO Young people	Interim CEO VCS infrastructure	CEO Social equality	Deputy CEO Mental health	
2	5	CEO Older adults	CEO Animals	CEO Local area anchor	CEO Disabilities	CEO Race equality
3	4	CEO Young people	CEO Local area anchor	CEO Homelessness	CEO Local area anchor	
4	5	CEO Horticulture	CEO Race equality	Chair Mental health	Deputy CEO Young people	CEO Women
5	4	Chair Mental health	CEO Homelessness	CEO Mental health	CEO Substance misuse	

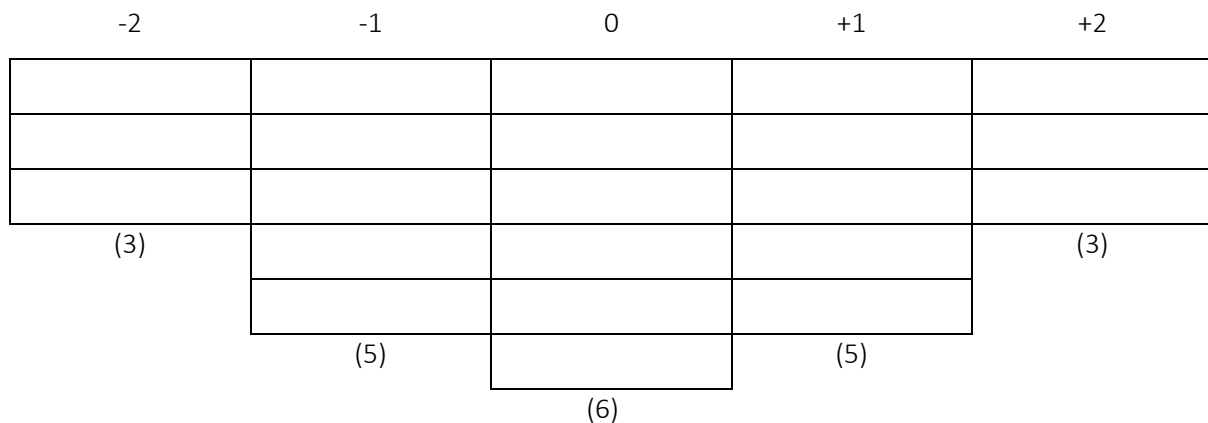
* Job Title and Charity Mission

4. Q sort

The Q sort is the exercise in which participants (P set) sort the statements (Q set). The grid format requires participants to make comparisons between multiple statements, forcing them to rank statements according to what they most/least believe (Edgeley, Stasiewicz and Hammond, 2020). Therefore, the design of the grid needs to consider the kurtosis of the statement distribution; or the sharpness of the peak (column 0 in figure 5.7). Van Excel and De Graaf (2005) outline that a flatter distribution should be considered for Q sorts where participants are expected to have strong or well-articulated opinions on the topic. The P set for this study were leaders working in the local VS and so likely to have strong beliefs about

narratives attributed to the VS. As a result, a grid kurtosis was used that had a maximum of +2 spaces between columns (see figure 5.7). Consideration was also given to the fact that the Q sort was being used as a pre-exercise for focus groups, providing an opportunity for the researcher to get participants to expand on high- and low-value statements and understand where individual rankings fell within a broader group context (Edgeley, Stasiewicz and Hammond, 2020).

Figure 5.7: Q sort grid



5. Analysis and interpretation

Q Method analysis is the technical part of the process, essentially using factor analysis to identify patterns in the data where individuals have sorted the statements in similar ways. Using a data reduction method, the researcher can take a data set with a large number of items and identify patterns (Baker, 2011).

Firstly, a correlation matrix was produced between all the Q Sorts. This identifies the level and degree of (dis)agreement between how individuals have sorted the statements (Van Excel and De Graaf, 2005). Q Method then takes the correlation matrix and uses factor analysis to identify the patterns in the data between individual Q Sorts. The objective is to find the clusters of perspectives where people think similarly (Baker, 2011). Any coherent data patterns/clusters represent similar viewpoints on the topic or a collective ‘social perspective’. Webler, Danielson and Tuler (2009) explain that it is unlikely that the data pattern, the ‘social perspective’, will completely fit with any one participant’s viewpoint, however it will align

closely with that of some of the participants. The individual Q sorts that most closely match the pattern 'define the social perspective' and in quantitative analysis are closer to the social perspective than other Q sorts. *"The degree of this similarity can be computed into what are called factor loadings. People with a high factor loading for a given perspective are said to 'define' that perspective."* (Webler, Danielson and Tuler, 2009, p.11).

This study's 22 responses to the 22 statements were correlated and analysed using KenQ Analysis Desktop Edition (KADE) software (<https://qmethod.org/resources/software>). Other Q Sort analysis software is available (for example PQMethod, PCQ), however KADE was selected as it was compatible with an Apple Mac computer and its interface is designed for researchers whose background is mainly in qualitative methods. KADE also provides a number of features that were not available on other open-source Q Sort software at the time of analysis, such as visualisations for interpreting the data (Banasick, 2019).

The initial factor loadings for this study were determined automatically by KADE, which extracted eight principal components (data patterns/clusters). Factor loadings with eigenvalues (the variance extracted from each factor) greater than 1 were considered significant (McKeown and Thomas, 1988). Computer-automated Varimax rotation was applied, a statistical principle which ensures individuals are associated with just one factor, thus avoiding researcher judgement having too much influence on factor relevance (Webler, Danielson and Tuler, 2009). This resulted in five factors with eigenvalues >1 (10.6, 2.42, 1.87, 1.28 and 1.12). The final two factors were considered too weak to merit further analysis. The outcome was three identifiable factors for analysis: 9 individuals clustered on factor 1; 5 on factor 2; and 8 on factor 3. According to Brown: *"These factors can be considered as attitudes operantly defined in terms of the behaviour of the subjects as they ranked the statements from their own subjective viewpoints"* (1980, p.23).

The three resulting factors represent data groupings of individual perspectives and it is the role of the researcher to interpret the data: drawing qualitative meaning by looking for thematic structure (Rhoads, 2014). A composite Q sort was produced to identify what a shared Q sort would look like for each factor. This was achieved by averaging the significantly loaded Q sorts for each factor, producing models for factors A, B and C (see figure 5.8).

Figure 5.8: Composite Q sort for Factor 1

Composite Q sort for Factor 1

-2	-1	0	1	2
VCS organisations should become more business like	VCS activity can be paternalistic	Evidencing social impact is a priority for VCS organisations	Being innovative is a key strength of the VCS	Lack of resources is a significant challenge for the VCS
** ◀ The VCS could learn a lot about measuring social outcomes from the	Financial incentives for the VCS lead to better social outcome	Partnerships with local/national Government provide	** ▶ Social problems are too costly for the state to fully respond to	** ▶ Social enterprises are part of the VCS
The VCS exists due to the failures of the state and private sectors	There is too much replication of VCS organisations	Social Impact Bonds (SIBs) provide opportunities for VCS	* ▶ Some social causes attract more wealthy supporters than others	Being flexible is a key strength of the VCS
	The VCS struggles to attract professional personnel in	* ▶ Growth and scaling-up are important parts of VCS strategy	** Tailoring services to peoples needs is a key strength of the	
	The VCS has a significant say in its role with Government	** ◀ Being reliant on grants and donations is unsustainable for VCS	Providing value for money is a key strength of the VCS	
		Social finance tools, such as SIBs, are predominantly about providing		

Legend
* Distinguishing statement at P < 0.05
** Distinguishing statement at P < 0.01
▶ z-Score for the statement is higher than in all other factors
◀ z-Score for the statement is lower than in all other factors

An important element of Q Method analysis is the researcher’s familiarity with the subject matter, which helps them to interpret the factors (Webler, Danielson and Tuler, 2009). The factor interpretation therefore relied heavily on the concourse for guidance and revealed three social perspectives on VS engagement with SIBs, under the following thematic headings:

Factor 1: VS Distinctiveness

Factor 2: Voluntary Failure

Factor 3: Cognitive Dissonance

Three points of consensus were identified, where perspectives ranked statements as being similarly high or low:

- *being innovative is a key strength of the VCS (2) and lack of resources is a significant challenge for the VCS (11)* consistently scored highly across the factors
- *the VCS has a significant say in its role with Government (15)* scored consistently low

Compromise points identified statements where one perspective ranked statements as high but another ranked them as low:

- *Being reliant on grants and donations is unsustainable for VCS organisations (1)* – F1 rank 13 (Z-score-0.19), F2 rank 1 (Z-score 1.86), F3 rank 7 (z-score 0.66)
- *Social problems are too costly for the state to fully respond to (6)* – F1 rank 5 (z-score 0.92), F2 rank (z-score-0.86) 18, F3 rank 19 (z-score-1.32)

Validity and bias of Q Method

Q Methodology is focused on revealing viewpoints on a social issue. However, as the viewpoints are entirely subjective, findings cannot claim any representation of wider population perspectives (Webler, Danielson and Tuler, 2009). Instead, these findings represent the testimonies of a group of Sheffield VS leaders drawing on their own personal and professional experiences. As McKeown and Thomas (2013) point out, subjectivity can have structure and form but will always be self-referential. The intention of Q methodology is to identify one or more perspectives on an issue rather than to produce sample or representative data (Edgeley, Stasiewicz and Hammond, 2020). Thus, claims of wider validity are not relevant to Q Methodology (Rhoads 2014).

Bias was reduced by selecting statements based on the concourse of information about SIBs: applying Varimax rotation during the factor analysis and analysing the data without any prior meaning attached (Rhoads 2014). However, the selection of statements and the interpretation of the factors is still a value judgement of the researcher, therefore bias cannot be fully eliminated (Webler, Danielson and Tuler, 2009).

Focus groups

Q sorts when analysed in isolation can conceal differences in understanding (Webler, Danielson and Tuler, 2009). Q Methodology therefore usually involves another layer of qualitative data that will complement the Q Sort data by helping the researcher to interpret the card placing that led to the factors (Van Excel and De Graaf, 2005). This study combines the Q method with small focus groups to unearth the reasoning behind VS leaders Q sort collection. "Focus groups work particularly well when researchers are trying to explore people's feelings and experiences" (Kandola, 2012. P.259), with the group setting enabling the study to move beyond micro-level individual perspectives to determining the meso-level collective mood or climate around SIBs and the VS (Edgeley, Stasiewicz and Hammond, 2020).

Methods

A series of five focus groups were conducted following Kruegers (2014) five characteristics to focus groups:

1. Small groups – numbers per group were limited to 5 participants to ensure everyone had the opportunity to discuss their point of view. For logistical advantages the make-up of the groups was self-selecting by the participants and based on their availability. Three groups comprised 4 participants and two groups comprised 5 participants, the use of the Q method ensured diversity of perception.
2. Possess Certain Characteristics – Q Method completion was a pre-determinate of focus group participation. Recruitment had focused on people with senior leadership roles in local VS organisations, people responsible for strategic decision making. As a result, participants were mainly CEOs or Managing Directors of their organisations (see figure 5.7). Participants were informed of the criteria for selection in the provided Participant Information Sheet and at the start of each focus group.
3. Provide Qualitative Data – the focus groups were conducted virtually using Microsoft Teams (see Audio Visual Platform section below) which enabled the collection of qualitative data through the in-software recording and embedded transcript. A thematic analysis was subsequently conducted using NVivo.
4. Focussed Discussion – The groups took place one week after each participant had completed their Q Sort to allow time to collate and conduct some initial analysis on participant responses to 'focus' the discussion and elaborate on the key themes. Sessions

were on average 90 minutes long, with a discussion guide developed based on findings from the frame analysis and Q Sort: this allowed open ended but sequential and predetermined questions.

5. Understanding of the topic of interest – although participants were VS leaders and therefore had a good understanding of the VS operating environment, they showed limited specific knowledge about SIBs. At the start of each session an overview of the key elements of SIBs was presented by the researcher, with the opportunity for participants to ask questions.

Audio-Visual Platform

Due to the Covid-19 pandemic the focus groups were adapted from in-person to online using the audio-visual platform Microsoft Teams. Prior to this point, few studies had explored the use of audio-visual platforms in focus group methods. Tuttas' (2015) pre-pandemic article on web-based conference technology identified that researchers had been cautious of online methods for focus groups as they were perceived to lack the ability to note nonverbal responses, group dynamics and atmosphere. However, Tuttas' (2015, p2.) notes that previous limitations in technology meant that online approaches had focused on "asynchronous methods such as discussion boards and email" whereas developments in web conference technology supports an environment more closely aligned to face-to-face groups, with "immediacy and spontaneity in responses", "an active moderator role" and "a deeper perspective about the degree and quality of interaction". Falter, et al's. (2022) study on 'Making Room for Zoom in Focus Group Methods' outlines that there are many benefits to online focus groups over face-to-face and it is down to the careful planning and facilitation of the moderator to overcome any challenges.

- Technical Problems- The focus groups for this study took place in 2021, when the use of audio-visual platforms had become part of normative working practices (Falter, et al. 2022). 100% of the participants had prior experience of using Microsoft Teams before participating in the focus group. However, a mock focus group was conducted beforehand to practise moderating while using the technology.
- Building Rapport – as the participants were predominantly familiar both with each other and with the researcher (see section on reflexivity) there was already a familiar and

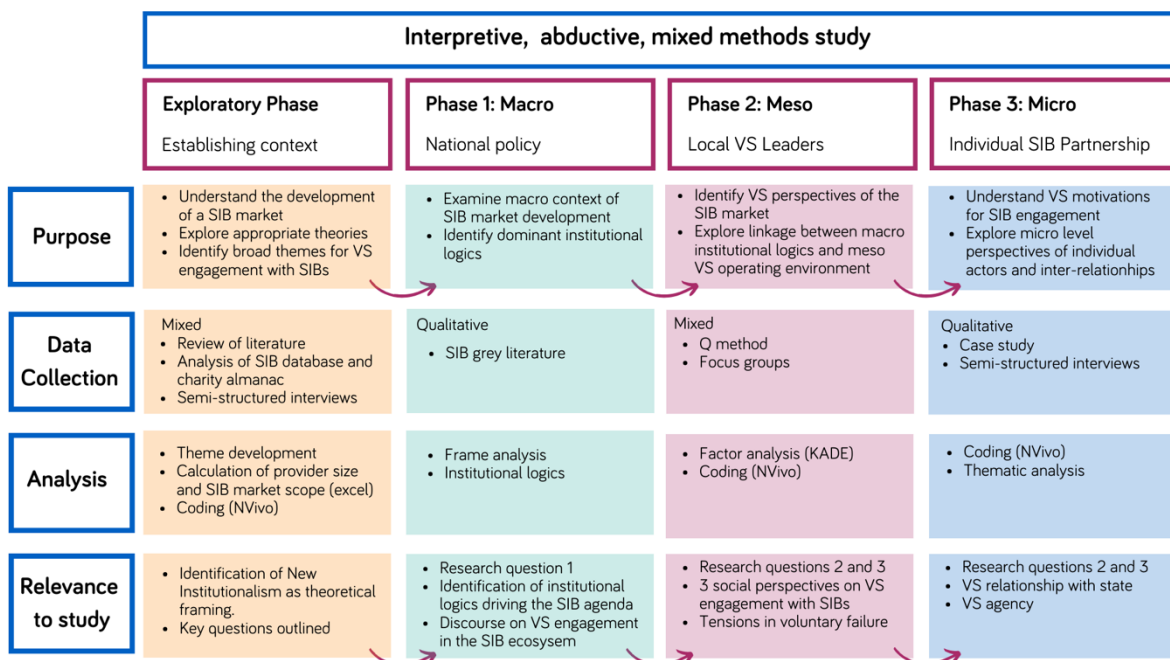
relaxed environment. The size of the groups made it possible to ask all participants to stay unmuted without the need to use hand raising features: this supported group discussion and aided spontaneity.

- Active Participation – the use of the Q Method before the focus groups ensured that participants had given some thought to the topic. Moderation included enabling people to take turns in responding to questions and asking follow-up questions to draw out points further.

Analysis and interpretation

A thematic analysis was subsequently conducted using NVivo. During this process, texts were compared against the key themes found in Phase 1’s frame analysis and Phase 2’s factor analysis and were either subsumed under an existing theme or established as a new theme.

5.8 Phase 3: Micro



Phase 3 aimed to understand the micro-level perspective of individuals engaged in the development of a specific SIB to explore why some VS organisations are engaging in the SIB

agenda. Where phase 2 identified that some local VS leaders from the focus groups have opted out of the SIB marketplace, it did little to identify why some VS organisations are choosing to engage with the Sheffield SIB agenda.

The relationship between actors and institutions is often described by scholars as discursive intuitionism (Schmidt, 2010) with discourse being the exchange of ideas, “not only what is said” but “who said what to whom, where and why” (p.15). Methodological orientation for discourse analysis often includes a qualitative case study approach and phase 3 has taken this approach through a focus on a single Sheffield case of a SIB which, despite significant time in development, failed to get beyond the planning stage and into delivery of outcomes. Through focused interviews with members of a SIB partnership, phase 3 aimed to understand actor interactions during SIB development.

Case Study Selection

The SIB was chosen as a case of interest as it featured several characteristics which would produce rich data for study (Silverman, 2005):

- the SIB was local to Sheffield, which provided the same VS operating environment as the participants from phase 2, allowing for further investigation into the layering between macro-meso-micro levels of institutionalism.
- Sheffield City Council received the largest grant share of the Government’s Life Chances Fund with ambitions to use this grant to transform local public services through the use of SIBs. These ambitions did not come to fruition and Sheffield City Council returned the majority of the Life Chances grant to Government. This provided an interesting context to empirically explore Beckert’s (2007) market coordination problems within a local context.
- being a researcher and VS leader based in Sheffield, this allowed me better access to data, relevant documents and interviewees (see reflexivity section).

Figure 5.9: SIB Overview

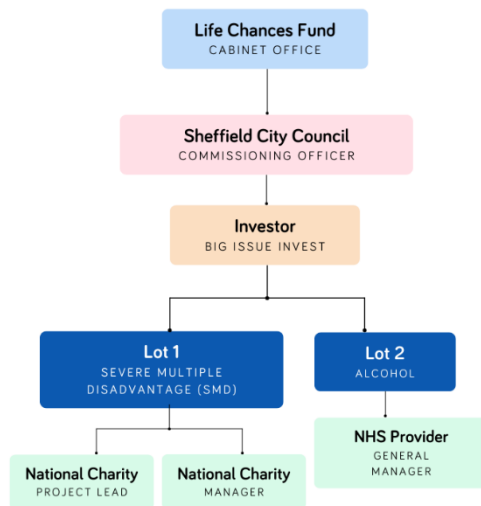


Figure 5.9 provides an overview of the structure and different stakeholders for the Sheffield SIB.

The SIB investigated for the case study formed part of five SIBs planned for Sheffield that utilised over £19m of state funding. The funding was received in the form of a grant from the Cabinet Office’s Life Chances Fund (light blue box) to subsidise the development of SIBs in local areas. The funding was managed by Sheffield City Council (pink box), who applied for the grant and planned the priority social issues that the SIB would be targeted towards. Sheffield City Council acted as the commissioning agents for the SIB and identified two priority areas of social need, initially advertising the commissioning of services in these areas as two separate ‘lots’ (Lot 1 and 2 in the dark blue boxes). A partnership of two national charities (green boxes on the left) were shortlisted to submit an outline solution as providers for Lot 1 and a local NHS service (green box on the right) was shortlisted to submit an outline solution as the provider for Lot 2. At this point, Sheffield City Council made the decision to combine the two ‘lots’ under one single SIB with one investor, Big Issue Invest (orange box). A more detailed overview of the SIB structure and commissioning process can be found at the beginning of chapter 8.

As phase 3 was interested in the individual micro-level of SIB development, interviews were focused on local stakeholder relations during the development of the Sheffield SIB. This

encompassed interviews with the commissioning manager for Sheffield City Council and representatives leading on the SIB development from the three providers. To keep the focus to local relationships, a decision was made not to approach the representative from the Life Chances Fund and Big Issue Investor for interviews. In retrospect this limited the richness in understanding of what went wrong in the development of the local SIB. However, these perspectives had been investigated in the broader context of SIBs through the exploratory research phase that included interviews with a funding manager that manages funds on behalf of central Government and a SIB investor.

Interviews

Four focused, semi-structured interviews (Turner, 2014) were conducted with the SIB local delivery partners encompassing two national charities, an NHS provider and a local authority commissioning officer. Due to practicalities and ongoing changes in Covid restrictions, three interviews were conducted via audio-visual platform Microsoft Teams and one interview was conducted in person. As the online interviews were on a one-on-one basis, they closely resembled the more conventional face-to-face interview method and limitations were minimal (O'Connor and Madge, 2017).

Effective research questions were constructed prior to the interview, encompassing learning from both phase 1 and phase 2 of the research. Questions were formulated through an interview guide which offered a structured but flexible approach for exploring the topic through similar themes with each participant (Kallio, et al. 2016). Interviews were between 30 – 90 minutes long and recorded using a Dictaphone.

Analysis

Interview responses were treated as actively constructed narratives (Silverman, 2005) by each interviewee. This methodological decision felt appropriate to the aims of the study in that interviewees were reflecting on an event that had happened two years prior and analysis was not concerned with factual accuracy of the events but was focused on how the individual SIB players interpreted the interactions between each other.

A thematic analysis was subsequently conducted using NVivo supported by Ronicle, et al's. (2017) LOUD model to explore SIB development. The LOUD model outlines four factors that impact on a SIB's failure to launch: collective Leadership, clear Outcomes, shared Understanding, Data.

5.9 Reflexivity

An important aspect in qualitative studies is the researcher's acknowledgement of their own presence in the research through reflection on how their own biases, beliefs and experiences have shaped the research (Fineafter-Rosenblur, 2017). Personal positionality and subjectivity affect the theoretical, methodological and practical decisions taken by the researcher, which in turn contributes to the interpretation of data into overall findings (Dean, 2017).

This is particularly relevant to this study as the research has focused on voluntary sector perspectives on SIBs and the researcher (me) is Managing Director of a local, Sheffield VS organisation. In my role as Managing Director, I was also part of a consortium bid of local VS partners that submitted an unsuccessful EOI to become delivery providers of the SIB investigated under phase 3 of the research. I therefore shared an identity and common experiences with the VS participants in the study, that gave me insider status (Greene, 2014). This section identifies actions I took to manage the line between being the observer and being a member of the group being observed. I have used this section to be clear and transparent about my positionality through the choices made around methods, strategies for self-reflection and debriefing with my supervisory team, which have moderated what Chavez (2008, p. 475) refers to as a presumption by scholars that insider bias manifests through a "rose-coloured observational lens or blindness to the ordinary".

Personal Reflexivity

Dean (2017) outlines that "there is a social relationship present in all research, quantitative or qualitative" which makes the epistemological positivist stance of the objective researcher open to challenge (p.35). Like Dean (2017), I believe that reflexivity offers an opportunity to lean-into some of the challenges presented in the subjective/objective debate. As a local VS leader there were many commonalities between myself and the subjects I was studying. I had existing relationships with many of the participants and, with some, I was part of the same

social group. This essentially put me in the position of 'indigenous insider', 'intimate insider' or what anthropologists would call a 'native' (Al Riyami, 2015). Much of the advantages of my positionality came at the intersection of insider and outsider status (Greene, 2014). At times, I used my own lived experience as an 'expert in the field' to shape my enquiry, to inform the study, to establish participant rapport and to understand the setting in which my participant's accounts were based (Harrington, Dörfler, and Blair, 2021). However, during other phases of the research I felt it was important to take a step back from my insider-status and utilise research methods that enabled a more outsider analytical approach to question perspectives, actions and how VS leaders saw themselves in the world (Hammersley, 2006). Self-critique and reflection have been an important part of my personal reflexivity, which I maintained through the use of a reflection diary, regular discussions with my supervisory team on interpretation of data and peer debriefing at PhD forums. As Chavez (2008) identifies, knowing when to step back from insider status is a vital skill for a researcher to develop.

Theoretical Analysis

The use of theoretical frameworks is an important part of the process of stepping back from one's own positionality. However, Kenway and McLeod (2004, as cited in Dean, 2017) believe that reflexive analysis should not only involve reflecting on the role of the individual researcher, but also reflexivity of the field itself. I would argue that sociological institutionalism, a theoretical framework interested in the interplay between structure and agency (Coule and Patmore, 2013), allows a form of analysis that does just that: positioning institutional logics by unearthing the institutional frames and the practices of the agents within those institutions. In this study, the use of institutional logics within the different phases of the research design purposely narrowed the gaze to different levels of SIB development and engagement. These different levels of inquiry into SIB development from a macro-meso-micro perspective nestled narrow views within the wider context of the research field, an important aspect in reflexivity (Dean, 2017).

Methodological Selection

The overall research design and methodological process was crucial in countering opportunities for confirmation bias creeping into research findings (Fineafter-Rosenbluh, 2017). I took a mixed-method approach, which Greene (2014) highlights as an opportunity to

manage the boundaries between insider/outsider status through the triangulation of qualitative and quantitative data.

- Choosing Sheffield as a case

In searching for an appropriate meso-level of study, I struggled with choosing Sheffield as my case due to concerns around objectivity (Greene, 2014). However, following a discussion with my supervisory team in which they outlined the unique position I held, in terms of local knowledge of the VS operating environment in Sheffield, local developments in SIBs and expediency of access to VS leaders, I concluded that there was much to be gained from being close to the research subject, particularly in terms of practical barriers.

Insider status was advantageous when accessing VS leaders for the Q method and focus groups quickly and intimately, providing me with immediate access and legitimacy from the outset (Chavez, 2008). I was already an active member of a number of VS networks and groups enabling me to promote the opportunity to VS leaders to take part in the Q method and focus groups. To ensure participation went beyond my more intimate social relations (for example only having participants from charities close to my own organisation's social mission) I developed a participatory framework which identified diversity in terms of organisational mission and subsequently conducted targeted recruitment with VS leaders with whom I was less familiar. My professional legitimacy also enabled me to chase participants to complete the Q Method prior to the focus groups, without any damage to the research process.

In my role as a local VS Managing Director, I was part of a local VS consortium that unsuccessfully bid for the SIB investigated in chapter 8. This insider status was advantageous in accessing key local commissioning documents and VS reports through local e-communications and portals to which I was already signed up. It also provided me with a depth of understanding of the background and context of the SIB. Throughout the SIB development and procurement stages that I was involved in, I kept a reflective diary that I was able to refer to throughout my analysis for timelines and other contextual information around the partnership discussions and procurement process.

- Phase 1 frame analysis

The purpose of the frame analysis was to understand the texts through the perspective of the VS, one of the intended but largely absent audiences. This method involved navigating the line between insider and outsider status. As a VS leader and therefore a potential audience of the texts, I absorbed my own inherent logics through the institutional norms and 'rules' under which the VS operates. This allowed a level of interrogation of selected texts. Institutional logics as a theoretical framework provided an outsider analytical structure to review data.

- Phase 2 Q method

As a research methodology that blends qualitative and quantitative techniques, the Q method was an opportunity to step back into the role of the outsider observer. The Q set incorporated neutral statements which represented the institutional logics of market, state and community, with participants able to provide their own subjective perspectives without any influence from the researcher. The use of factor analysis through factor loadings automatically generated by KADE computer software ensured researcher bias could not influence the composite Q sorts. Only in the interpretation of the factors was there potential for bias; however, the purpose of Q Methodology is to identify perspectives on an issue rather than claim wider validity (Rhoads 2014).

- Phase 2 focus groups

The focus groups provided a process to ensure I had not misinterpreted the placings of statements in the Q sort. Many of the participants taking part in the focus group were known to me, resulting in insider-researcher positionality. Although this led to an environment which was more natural for participants, at the start of each focus group I reiterated to participants my position as a non-participatory researcher rather than VS leader and was careful with my use of language during facilitation, for example not using 'us' or 'we' when referring to the VS during questioning.

- Phase 3 interviews

Greene (2014) outlines that the insider researcher is often privy to confidential information that can negatively affect relationships. This was particularly relevant to the interviews conducted in phase 3, where I had to consider any potential repercussions from my inquiry to the relationships and actions between SIB partners. Fineafter-Rosenbluh (2017) highlights that the researcher can influence responses in an interview depending on the perceptions of the interviewee regarding the interviewer. As an insider researcher, I had professional relationships with all the interviewees prior to the research taking place. Interviewees were therefore more candid in their answers with me than perhaps they would have been with an outsider researcher (Chavez, 2008). I had to consider the impact of this from two angles: firstly, my responsibility to ensure my research findings did not damage relations between partners; secondly to ensure my findings did not damage relationships for my own VS organisation through association.

I took several steps to reduce barriers around confidentiality whilst maintaining objectivity. The Participant Information Sheet outlined that, although the study would not contain any personal details of who the interviewee was or name their organisation, due to the interview forming part of a Sheffield case study, complete anonymity could not always be guaranteed: somebody could potentially be identified through the specificities of their role. This was verbally reiterated at the start of each interview. Interviewees were also given the option of redacting anything they were uncomfortable sharing either during or following the interview (up to publication date). I also made the decision to refrain from using particularly contentious quotes and instead summarised any key learnings into my findings so as not to impact the objectivity of the study.

5.10 Ethical considerations

Ethical practices were followed according to Sheffield Hallam University's Ethics Policy and Procedure. The study was considered as being a very low risk human participants study as primary data was collected from individuals in their professional capacity as part of their organisational leadership roles. This was also a very low risk activity as participants are not classed as vulnerable adults and the focus groups and interviews were conducted at their

place of work, online in a group setting or other public, neutral setting. Ethical approval was granted at two stages of the research: prior to the exploratory research stage and prior to phase 2 and 3. Phase 1 data for the reframing of SIB literature was collected using public documents and therefore did not require prior ethical approval.

Specific actions taken as part of ethical considerations have been outlined earlier in this chapter under the different research phase sections.

5.11 Conclusion

To conclude, a mixed-method study was used to investigate VS engagement within the UK Social Impact Bond (SIB) agenda. The study involved three phases of research to investigate how the macro institutional logics of SIBs nestle within meso and micro levels of VS operating environments and influence the actions of VS leaders. The following 3 chapters present the empirical data generated from research phases 1, 2 and 3. Chapter 6 presents phase 1 frame analysis findings through the institutional logics of market, state and community to examine the macro context of SIB market development. Phase 2 is presented in chapter 7, building on the findings of the frame analysis from phase 1 by using Q method and focus groups with local VS leaders to identify VS perspectives on SIBs and the link between macro institutional logics within a meso VS operating environment. Lastly, chapter 8 presents findings from phase 3, focused on an individual SIB to explore, at a micro-level, VS leaders' motivations for SIB engagement and individual perspectives on the inter-relations between the different SIB partners.

Chapter 6: Institutional Logics of SIBs at a/the Macro-Level

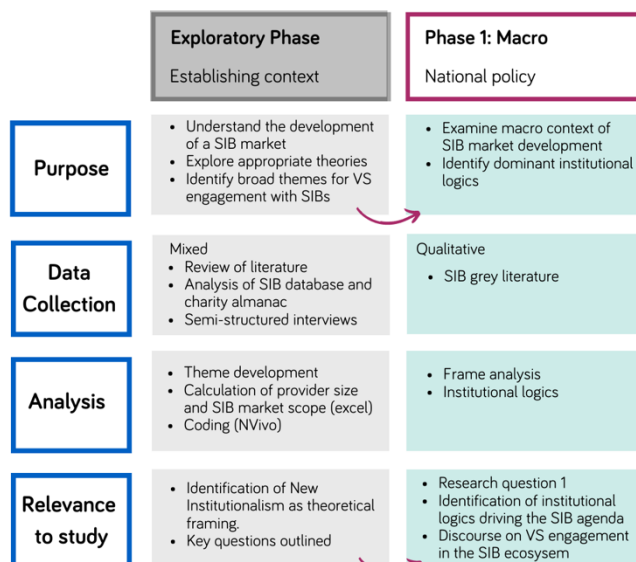
6.1 Introduction

The first phase of this study is interested in the framing of SIBs from a macro, national-level of discourse; exploring the institutional logics driving the agenda and the rationalities being deployed by key SIB stakeholders. It asks the following questions:

- Firstly, what are the underlying logics being employed to frame SIB texts by the main players in the SIB eco-system?
- Secondly, what do these logics tell us about the positioning of the VS in the SIB ecosystem?

The focus in this chapter is a series of texts that articulate the widely held institutional beliefs of different actors within the SIB market. Frame analysis has been used to deconstruct the integrated elements within texts and situate their diverse frames. In this process, ‘text’ refers to an “observable product of interaction” and discourse being “the process of interaction itself: a cultural activity” (Talbot, 2007, as cited in Mayr, 2008, p.7.). The process of frame analysis can distinguish underlying logics; situate frames in context; surface the politics, subjugated voices and implicit ideologies; and support the researcher to make choices about their own positionality within the research. Frame analysis can unveil highly charged political differences that are typically “masked by bland and seemingly innocuous policy statements and discourses that no-one could object to” (Creed, Langstraat & Scully (2002, p.45).

6.2 Chapter outline and research approach



This chapter represents phase 1 of the research design. A more in-depth outline of the epistemological decisions that have been made about the research approach considering methods, validity, limitations and scope can be found in Chapter 5 Research Design and Methods.

Text Selection

The frame analysis was conducted following Silverman's (2005) advice on text analysis and analysed a limited but selective body of texts between the period 2010-2020. Situating frames within the economic and political context of the last 10 years of SIB development helped to understand the deep logics reflected in the discourse of SIBs over a period of significant economic and political change.

The texts were published by key stakeholders in the development of the SIB market from a cross section of the SIB eco-system, encompassing UK National Government, Local Government, Think-tanks and Government-affiliated organisations, social investors, and VS funders. No texts were selected that represented the voice of the VS, as the frame analysis is interested in the macro framing of SIBs and no texts existed (at the time of analysis) that had been produced by the VS itself beyond very practical 'how-to' guides. This gap is one of the areas that this study was aiming to investigate.

The texts were non-academic, as described by Fraser, et al. (2018) as 'grey' literature, due to the intended audience being non-academic and predominantly VS leaders and state commissioners. The purpose of the texts was to introduce the audience to SIBs with the intention of growing the SIB marketplace, providing a rich context to understand how frames are employed to influence the shaping of the SIB agenda.

14 texts were selected from an identified list of 25 to cover organisations from a cross section of the SIB eco-system, as identified in figure 6.1.

Figure 6.1: Frame analysis text selection

	GOVERNMENT		INVESTOR		FUNDER
PIONEER STAGE 2010 - 2016	Centre for Social Impact Bonds	Public: Overview of logic of SIBs from Government	Social Finance 2010	Investors and Commissioners: logic of SIBs from investor	Big Lottery Fund Investors and Commissioners: logics of SIBs from Blf Government rationale
	Minster for Civil Society speech	Commissioners: Persuasion to engage	Bridges Fund Management 2014	Investors, Providers, Commissioners: logic of SIBs from investor	
			Social Finance 2016	Public: response to criticisms of SIBs	
DEVELOPING MARKET 2017 - 2019	LA: Sheffield City Council	Cabinet: Overview of logic of SIBs from Local Authority	Bridges Fund Management	Public: Review of SIBs work (compare to 2014)	Big Lottery Fund Investors, Providers, Commissioners: Review of programme targetted at different audiences. Compare approach.
	LA: Sheffield City Council	Providers: Overview of logic of SIBs from Local Authority	Big Issue Invest 2017	Investors: Review of SIBs work	
	GoLab	Senior staff within LA: Persuasion to engage			
10-YEAR MARKET AND COVID-19 2020+			Big Issue Invest 2020	Investors: Review of SIBs work (compare to 2017) includes press release about the logics of SIBs and Covid-19	

Identifying the dominant logics

As the focus of this phase of research was on the national-level discourse of the SIB agenda, the frame analysis aimed to understand how the originating institutions presented rationalities in their advocacy of SIBs – these were often contained in the introductory sections of the publications which are crucial in the process of orientating the reader and establishing the position of the author (Hastings, 1998).

A first step of frame analysis involves identifying the main elements that hold the text together and provisionally labelling under a frame heading. Drawing on the main themes from the literature, a list of targeted words and concepts were identified under the headings Market Domain, State Domain, and Social Domain (Brandsen, Donk & Putters, 2015). These

domains were allocated a colour (market = yellow; state = blue; social = purple) with each text annotated by colour to highlight the targeted words or concepts. Repeated words or concepts were highlighted in red. The labels provided an initial shorthand to grasp the essence of the text framing (Creed, Langstraat and Scully, 2002). A Signature Matrix was then completed for each text that explored any key concepts, logics and symbols presented by the author. Logic labels were assigned to each text identifying whether the Market, State and/or Social headings were explicit, implicit, secondary, passing or absent.

To understand how the dominant logics impacted on the positioning of the VS within the texts, a final analysis was conducted in which concepts were grouped according to emerging themes, giving an overview of any other logics at play or subjugated voices. For example, this may be in terms of the intended audience (e.g., towards investors rather than the VS) or whether the language made generalisations about the state, market or VS (e.g., one being more efficient than the others). Full references for the document codes are shown in table 6.1.

Table 6.1: Document references and codes

Doc Code	Logic 1: Market Domain	Logic 2: State Domain	Logic 3: Social Domain	Reference
FA1	Dominant (Implicit)	Reinforcing (Explicit)	Passing	Social Finance (2010). Towards a New Social Economy, Section 1, accessed https://www.socialfinance.org.uk/resources/publications/towards-new-social-economy
FA2	Reinforcing (Implicit)	Dominant (Explicit)	Reinforcing (Explicit)	The Big Lottery Fund (2013). About Commissioning Better Outcomes and the Social Outcomes Fund, Page 3-6. Cabinet Office accessed https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/261051/CBO_guide.pdf
FA5	Reinforcing (Passing)	Dominant (Explicit)	Absent	Sheffield City Council (2018). Promoting Independence Report, sections 4 and 6. Local Government Cabinet Report.
FA7	Dominant (Implicit)	Reinforcing (Explicit)	Passing	Sheffield City Council (2018). SSQ PQQ Section 1 - Intro - Promoting Independence, section 3.6, 16. Local Government Tender Document, Doc C.
FA9	Dominant (Implicit)	Reinforcing (Explicit)	Absent	Centre for Social Impact Bonds (2013). Guidance on Developing a Social Impact Bond, section 1 and 2. Knowledge Box.
FA10a	Absent	Dominant (Explicit)	Passing	Ronicle, J, Standworth, N and Hickman, E (2019). Commissioning Better Outcomes Fund Evaluation - 2nd Update Report, Summary Report Targeted at Commissioners. Ecorys on behalf of the Big Lottery
FA10b	Dominant (Explicit)	Reinforcing (Implicit)	Reinforcing (Implicit)	Ronicle, J, Standworth, N and Hickman, E (2019). Commissioning Better Outcomes Fund Evaluation - 2nd Update Report, Summary Report Targeted at Providers. Ecorys on behalf of the Big Lottery
FA10c	Dominant (Explicit)	Reinforcing (Implicit)	Passing	Ronicle, J, Standworth, N and Hickman, E (2019). Commissioning Better Outcomes Fund Evaluation - 2nd Update Report, Summary Report Targeted at Investors. Ecorys on behalf of the Big Lottery
FA11	Dominant (Explicit)	Reinforcing (Implicit)	Absent	Social Finance (2016). Social Impact Bonds the Early Years, pages 7-8, 20-23. Accessed https://www.socialfinance.org.uk/sites/default/files/publications/sibs-early-years_social_finance_2016_final.pdf
FA12	Dominant (Explicit)	Passing	Passing	Bridges Ventures LLP (2014). Choosing Social Impact Bonds, introduction and section 1. Accessed https://www.bridgesfundmanagement.com/publications/choosing-social-impact-bonds-practitioners-guide/
FA13	Dominant (Explicit)	Absent	Absent	Bridges Fund Management (2017). Annual Impact Report, introduction. Accessed https://www.bridgesfundmanagement.com/bridges-annual-impact-report-2017/
FA14	Dominant (Implicit)	Absent	Reinforcing (Explicit)	Big Issue Invest (2018). Impact Report, pages 4,5,10-11,16-19
FA16	Reinforcing (Implicit)	Dominant (Explicit)	Absent	GoLab (2018). Social Impact Bonds: an overview, sections 1 and 2. Accessed https://golab.bsg.ox.ac.uk/the-basics/impact-bonds/
FA17	Reinforcing (Passing)	Dominant (Explicit)	Reinforcing (Implicit)	Wilson, R (2016) Launch of the Life Chances Fund UK Government. Speech transcript accessed https://www.gov.uk/government/speeches/launch-of-life-chances-fund-rob-wilson-speech

Findings and Discussion

The reframing of texts through an institutional logics perspective reaffirmed findings from other studies (particularly Fraser, et al. 2018) that market and state narratives are dominant within the literature of SIBs. The texts as a whole, regardless of the author or intended audience, had a consistency to the framing of the core principles of SIBs: where the market logic was dominant, the state logic would act as a reinforcement, and vice versa. There was no underlying ideological thread running through the texts on the value of VS engagement in SIBs. Instead, phrases and concepts presented as part of a social domain, when analysed within the context of the text, were actually continuances of the market/state logic.

The findings of the frame analysis are presented below, outlining the dominant institutional logics identified through the frame analysis, separating this out into the logics of market, state and social domains. The subsequent discussion then explores the implications of these dominant logics for the VS, utilising Salamon's (1987) theory of Voluntary Failure to explore how the sector is framed in current debates and possible implications for their future involvement in SIBs.

6.3 Market Domain

As shown in table 6.1, in all but three texts the market domain was dominant, either explicitly or implicitly. A market domain was consistently communicated through repeated phrases, exemplars, metaphors, visual images and catchphrases. Creed, Langstraat and Scully (2002) outline that these idea elements come together to establish familiar frames that signal to the reader how they should interpret the text through associations. For example, the use of financial language throughout the texts ensures the reader makes a quick association between SIBs and the importance of the financial sector. Mayr (2008) believes that ideologies embedded within discourse serve the interest of certain powerful groups as they legitimise and reinforce their own interests and courses of action as common sense. Findings identified that self-legitimation was most often utilised by private investors. The statements framed this established link between their financial investments and better social outcomes as common-sense; as in this extract from Bridges Fund Management's Annual Impact Report, 2017 (FA13): *"We cannot hope to tackle some of the enormous challenges facing people and the planet unless we unlock even more private capital, expertise and entrepreneurial flair..."*

The underlying argument throughout all the texts was that channelling private investments into social outcomes would provide a solution to some of the world's complex problems. The literature produced by investors featured photos of smiling people from all walks of life. This conjures the image of the investor organisation as being at the heart of building an inclusive and sustainable and happy society (see figure 6.2 as an example), imagery often utilised in VS literature. Creed, Langstraat and Scully (2002) outlines that texts include argumentative devices which depict the roots and consequences of a problem in such a way as to offer causal attributions and prescribe potential solutions. Interestingly, the emphasis for a solution under the market domain was not one of private investors as suppliers of finance, and money as the ultimate product of the SIB ecosystem. Instead, investors were depicted as holding market tools which drive better quality of service by setting and articulating the risk, return and liquidity of social interventions. In the syntax of the texts, the products being exchanged in the SIB ecosystem were superior social outcomes, with investors as the key to unlocking better quality of products.

Figure 6.2: Images from Bridges Fund Management Annual Impact Report 2017 (FA13)



Texts served to position investors (and more broadly the role of finance) as having an important role largely due to the prominence placed in the texts on measurement, evidence and outcomes. Although the technocratic calculation of financial value per social value implicitly signalled to the reader a market logic, the use of terms such as '*blended investor returns*', '*mixed-economy*' and '*socially-minded investors*' also served as a device to soften the fact of investor financial returns. In all texts, not just those from the financial industry, financial returns were down-played and often described as '*modest*' or '*reasonable*' via the

constant reminder of the interconnection between price and quality of outcomes. In GoLab's overview of Social Impact Bonds (2018 (FA16)) investor profit-making from state funds is justified as a way to *"compensate investors for the performance risks"*.

State and funder SIB sponsors also justified investor involvement by consistently presenting investors as the SIB experts, using phrases such as *"leave it to the experts"* (Ecorys, on behalf of Big Lottery, 2019), *"...social investors, who will have the necessary expertise..."* (Sheffield City Council, 2018 (FA10c)) and *"unlocking private capital as well as the expertise of social investors"* (GoLab, 2018 (FA16)). Scott (2001, as cited in Mayr 2008), highlights that the (symbolic) role of expertise (or the expertise-pretence) has become an important feature in the power dynamics of modern societies and their institutions. The promotion of expertise was not simply positioning investors as a powerful authority but also as helpful organisations that *"provide guidance and advice on SIBs"* (Sheffield City Council, 2018 (FA7)). This framing counters any potential concerns around investors being driven entirely by the motivation to make more profit. The Commissioning Better Outcomes Fund evaluation (Ecorys, 2019 (FA10a)) pointed out that some social investors are *"happy to break even"*. In some cases, investors were presented as the heroes, holding the key to sorting out costly social interventions through the very financial risks they were taking on, as highlighted by the following phrases taken from Social Finances publication (2016 (FA11)): *"social innovators and entrepreneurs across sectors and borders are committing their time and resources to achieve similar goals"* and *"great investors who care deeply about the populations we seek to serve"*.

Self-legitimation was also more subtly deployed through statements presented as common-sense: *"It is difficult to get rid of the ambulance at the bottom of the cliff in favour of a fence at the top."* (quote by David Robinson, then vice chair of the Prime Minister's Council on Social Action, featured in Social Finance's publication, 2010 (FA1)). This phrase conjures up the image of someone falling off a cliff: preventing the fall by placing a fence at the top in the first place would seem a very sensible solution. Within the SIB context, this quote justifies the involvement of private finance by presenting it as the only way to build that fence. Creed, Langstraat and Scully (2002) describe this as a 'hypocrisy trap' used for changing systems from the inside. The trap is set for the reader by deploying a frame using language that asks, 'who could possibly object to this without appearing hypocritical?'

6.4 State Domain

The state domain was the most explicitly used throughout the literature; dominant in all but three texts. Campbell and Lindberg (1990) outline that the state has an important role in nurturing market preconditions, which ensures there is a strong link between politics and the economy, even when overt public involvement or government regulation is minimal. There was a significant convergence between the logics of market and public sector reform, which highlights the state's intervention in growing the SIB market within the context of austerity: the Government can demonstrate cashable cost savings.

The cause-and-effect narrative constructed under the state domain positioned welfare as far too costly against a backdrop of Government austerity. Phrases such as *"squeezed from a shrinking pot"*, *"budgets are tight"*, *"expensive social issues"* and *"negative spending cycle"* painted a gloomy picture of the environment for state spending. Two texts from both investor and Government emphasised this point by including figures presented as actual costings: *"re-offending costs the public sector £286 million and the UK economy £7-10 million"* (Social Finance, 2010)(FA1); *"the cost of social failure: £30k a year for a first-time offender..."* (Rob Wilson, then Minister for Civil Society, 2016 (FA17)). Of note is that in both these instances calculations had been chosen to show the cost to the state of criminal activity, where the expenditure may not be as acceptable to the public as other forms of social welfare spending. Mayr (2008) describes this as reframing through ideological state apparatuses, in this instance the legal system- where the 'cause' is social failure, the 'effect' is the criminals costing the tax-payer money and the 'problem' is the state merely trying to serve up justice with depleting resources.

The discourse of social failure being too costly for Government budgets featured heavily in the introduction of the literature as a way of setting the scene for SIBs. But, unlike the deployment of financial terminology to aid establishing financial experts as legitimate institutional players, austerity language was used as a disassociation tool for Government. It served as a signal to the reader that state budgetary problems were not as a result of Government failure but of societal failure. This is an example of New Public Management ideology, where language depicts health and social care problems as individualistic rather

than public or structural (Mayr, 2008). This initiated a reasoning for welfare reform as the only alternative. Béland (2005 (a)) emphasises that welfare reform alternatives exist only in opposition to other policy ideas; supporters of a new policy alternative must appeal to the public by undermining existing policy programmes. Current commissioning practices were highlighted as insufficient in their ability to respond to societal failures, *“creating the wrong incentives for service providers”* (Social Finance, 2010 (FA1)), with SIBs juxtaposed as a new alternative. SIBs were assigned the attributes of being able both to address social problems and to reduce the amount of state investment. As under the market domain, the literature produced by Government (locally and nationally) focused on SIBs as mechanisms of measurement that will lead to improved quality of service provision and reduced costs: *“reduce the amount of local investment needed”* (Sheffield City Council, 2018 (FA5)), *“improve the productivity of public service spending”* (Centre for Social Impact Bonds, 2013)(FA9), *“by paying for outcomes, we can cut the cost of failure”* (Rob Wilson, then Minister for Civil Society, 2016 (FA17)).

Texts by Government or Government affiliated organisations acted as frame sponsors aimed at persuading locally based commissioners to engage in the SIB market and, therefore, focused on the reduced risk of social programme failures: *“unless these outcomes are achieved, the commissioner does not pay”* (Ecorys, on behalf of the National Lottery Fund, 2019 (FA10a)). Alongside authenticating the role of private investors as the holders of financial risks if an intervention doesn't work, the literature appealed to commissioners as an opportunity to reduce the risk of poor performance by providers. In their practice guide, Bridges Fund Management (2014 (FA12)) state that investor involvement leads to provider performance being *“more heavily scrutinised”*. In their guidance on developing a SIB (2013(FA9)), the Centre for Social Impact Bonds positioned SIBs as an opportunity for commissioners to *“incentivise service providers to deliver the best possible outcomes...which will help Government achieve better results”*. The National Lottery Fund (2013, previously the Big Lottery Fund (FA2)) portray SIBs as an opportunity to *“determine performance of interventions on their primary outcome”*. This framing through a state domain gave the explicit meaning that commissioners play *“the key role in any SIB contract”* (Ecorys, 2019 (FA10a)) and that, given the right tools, they will be able to appropriately performance-manage the service providers. The implicit assumption here is that providers will not perform to their

greatest ability without the scrutiny of commissioners (state logic) alongside financial incentives (market logic).

Commissioners were also presented as cautious partners in the SIB ecosystem, as they bear most of the time and costs of development, while struggling in terms of their capacity and reduced budgets. With a marked increase in the number of SIBs being locally commissioned, Williams (2019) outlines that SIBs reflect longstanding tensions and suspicions between central and local government. The local authority text was perhaps the most cautious, particularly in how they framed SIBs to justify their adoption for locally commissioned programmes. Lowndes (2008) highlights that the legitimacy of local governance is embedded through conventions and organisational traditions specific to a particular locality. Institutional frameworks therefore encompass the ideas and narratives that legitimise local political actions. For much of its history, Sheffield has had a Labour-led Council and a tumultuous relationship with the policy agendas of Conservative-led national Governments, dating back to Conservative government reforms from 1979, including the privatisation of the steel and coal industries (DiGaetano and Lawless, 1999). Sheffield City Council advocated for the adoption of SIBs through two frames: firstly, they rationalised their adoption of a Conservative Government policy alternative through focusing on the local impact of receiving the CBO incubation grant: *“a residual proportion of central government’s contribution to go towards funding interventions...as such, local public services contributions to this would stretch further”* (FA5). Secondly, they justified the role of the investor by down-playing the dominance of the market logic: *“they [SIBs] do not usually include for-profit private organisations and there is no intention as a result of this business case that any such organisation would be investing in these services.”* (Sheffield City Council, 2018 (FA5)).

6.5 Social Domain

Although only two texts had the social domain as dominant and explicit, it did at least feature in 9 out of 14 texts, all-but-it largely in passing. Frequently presented in the literature was the idea that the SIB mechanism aligns the strengths and values of private, state and voluntary sectors. For example, GoLab’s Social Impact Bond overview (2018 (FA16)) positioned SIBs as an example of *“Government’s commitment to foster more cross-sector collaboration”*. The framing of SIBs through market and state institutional logics went some way in emphasising

the cross-collaboration of private investors and state commissioners in SIBs. Therefore, you would anticipate any social domain framing would link in the third key player in SIBs; legitimising the strength and value of the delivery organisations in these collaborative structures. However, this was not the case. The social domain was dominated by two themes: society's 'wicked problems', alongside the necessity of behavioural change in organisations which provide health and social interventions on behalf of the state (largely, the VS). By bringing these two elements together, the texts created a narrative of society's 'wicked problems', with prescribed causal attributions to service providers in how their interventions are failing to respond.

Hastings (1998) outlines that the presentation of social problems is used for political purposes as a way of sustaining systems of belief about the nature of social reality. In this case, the 'wicked problems' frame was utilised to identify which specific areas of society (and thus particular groups of people) were a pressing issue and to prescribe SIBs as a potential solution (while firmly shifting any attributions of causality away from state or market players). Béland (2005 (a)) refers to ideological frames as socially constructing the need to reform. In the text samples, this was done by presenting social finance as a saviour; a form of social action which will *"dismantle poverty by creating opportunity, through self-help, social trading and business solutions"*. (Big Issue Invest, 2018 (FA14)).

But rather than highlighting any elements of state institutional logics in SIBs, the lexicalisation within some texts constructed SIBs as anti-establishment devises or even revolutionary, with SIBs depicted as being *"parallel to other global movements"* or a *"system change"* in the way we tackle social challenges. Rob Wilson's speech (2016 (FA17)), on behalf of the Government as Minister for Civil Society, was full of metaphors showing SIBs as part of a battle against society's 'wicked problems'. It is a great example of a Government sponsored policy being framed using language and symbols representative of the populist ideological repertoire dominating society at the time. The speech, part of the launch of the Life Chances fund, was given a few weeks after the result of the UK referendum on leaving the EU. The UK had endured months of polarisation between the Leave and Remain movements. There is widespread belief that the Leave campaign was partly successful because it constructed a narrative of a great battle between the EU as a representation of the political 'establishment'

and the romanticised plucky British Empire (Spencer and Oppermann, 2020). This discourse of 'going into battle' was continued in Rob Wilson's speech as a way of gaining public support for SIBs by framing them through war metaphors: *"deploy an army of volunteers", "seize this opportunity" and "we stand ready ... to revolutionise our public services"*.

'Wicked problems' was used as a manifestation of costly and problematic sectors of society; social investment was then hailed as having the aim of building a better society. The people and communities expected to benefit from SIBs were frequently referred to using very 'deficit' based language that portrayed them as the innocent victims: *"disadvantaged", "most in need", "vulnerable"*. On the surface, this concept of 'building a better society' through SIBs was presented as an opportunity to level the unfairness and inequality faced by certain groups in society. The following is from MP Rob Wilson's speech (2016 (FA17)): *"That means staying relentlessly focused on the people in this country who haven't had a fair shot in life. The child in care with the odds stacked against them; the repeat offender who can't read or write; the troubled families who spend half their lives with the Government in their living room...because they, more than anyone, need us to get results."* Supporting the unfairness discourse was the idea that these vulnerable individuals and communities lack consumer power: *"An offender on a publicly-funded literacy course cannot choose to change providers in the way we might change supermarkets if the quality of produce at our usual store declines"* (Social Finance, 2010 (FA1)).

This idea of consumers contrasts ideologically the representation of people and communities as innocent victims of the inequalities of modern society. For example, Mayr (2008) points out that in public health policy literature the construction of the citizen as a 'consumer' is reproducing the ideology of consumerism. Health problems are therefore an individual problem, linked to life-style choices rather than public or structural problems. 'A consumer' suggests having individual buying power to walk away from a product that doesn't meet their needs. The statement by Social Finance (FA1) was therefore suggesting that SIBs will provide offenders with the opportunity to make decisions about the support they receive. This is an interesting concept, when the very premise of the prison system is about removing individual freedom of choice. Warner (2020) argues that rather than delivering on privatisation's promise of a marketplace that increases service-user choice, SIBs are fundamentally

paternalistic devices that give primacy to the programme's evaluators and investors. Ultimately, SIBs lack any downward accountability to the people and communities they target. Instead, the choice of the intervention and delivery-provider is in the hands of the private investor (in what and who they choose to invest in) and the state (in terms of which social problem becomes a commissioning priority). Rosenman (2017) states that this is a representation of a new logic of poverty regulation through ordering, monitoring and supervision of certain social issues. The literature's interpretation of people as consumers presented a picture of individuals within a SIB cohort gaining greater independence via a marketplace. The causality of society's inequalities is thus never linked to the systems and structures of capitalism but portrayed as the inability of individuals to make smart choices around what support they receive. The 'wicked problems' theme of the social frame was therefore layered on to a market logic.

If society's 'wicked problems' are not the effects of inherent inequalities in capitalist wealth distribution (along with the institutions that maintain market systems of belief), where then did the SIB literature assign some causality? According to Bridges Fund Management (2014 (FA12)), health and social care providers are not resolving societal problems because they are not adopting the values of a market logic, whereas a SIB will *"trigger impact-driven organisations to behave as they would if selling directly to consumers"*. In other words, health and social care providers were not 'capitalist' enough.

This introduces the other aspect of the social domain- the portrayal of SIB service providers, which is predominantly where VS organisations engage in SIBs. The literature either ignored service providers as insignificant parts of a SIB ecosystem or showed them as organisations that required behaviour/cultural change. Where the emphasis was on behaviour change, it was suggested that service providers should learn from investors and co-opt more business-like practices. The texts outlined that, if service providers engaged in these practices through a SIB mechanism, they would achieve *"a better sense of whether their support is working ... better evidence outcomes for beneficiaries, improve effectiveness of services"* (Ecorys, 2019 (FA10c)). The literature outlined that standard commissioning practices (health and social interventions via a fee-for-service contract) meant providers were not effectively delivering on their promise: *"Government or donors can incur significant cost even when there is little or no*

benefit for the vulnerable individuals they are seeking to help” (Bridges Fund Management, 2014 (FA12)). In contrast, a SIB would enable social outcomes to be appropriately measured and success could be calculated as a financial value, paid to the SIB provider, *“achieving greater impact than would be the case if they were given growth or other investment ...or were funded through a grant”*. (Ecorys, 2019 (FA10b)). Interestingly, in the United States SIBs are called ‘Pay for Success’ programmes, which is a much more explicit framing of this concept of success by-way-of financial incentives (Albertson, et al. 2018). In the field of policy development, the construction of social problems and how best to address them is frequently related to long-term institutional legacies (Béland, 2005 (a)). The requirement of behavioural change for service providers was not only a narrative produced by investors but also formed a considerable part of the social discourse within the state literature as well. This phrase was taken from GoLabs overview of SIBs (2018 (FA16)): *“investors bring additional capacity and expertise in project management and data analysis that local VCSE organisations might lack”*.

On the surface, behavioural change was presented as a way for providers to ensure they were achieving maximum social impact for their users and could focus their delivery on ‘what works’. However, embedded within these statements was a presumption that health and social support providers had thus far not been effective or hadn’t been focused on service-user needs. The term ‘innovation’ was used in multiple texts as a symbol of SIB providers being *“free to undertake the activities that they think will best deliver the required outcomes”* (Centre for Social Impact Bonds, 2013 (FA9)). But Neyland (2018) identifies that ‘innovation’ is not an offer of freedom for SIB providers but acts as an essential mechanism for embedding a market logic. Innovation suggests a new product, idea or way of doing things, which increases competitive pressures on providers to develop new interventions that are entirely attuned to the requirements of the investor and commissioner (the ‘buyers’). The message to providers was that their current practices were not working and they needed to innovate by adopting processes that fit the institutional logics of the other SIB players.

Again, the underlying values and meaning was embedded within a market system of logic, with the perception that providers required a financial incentive to reach their full potential. Their work would only be viewed as impactful if financial measurements could be attributed to social outcomes. The Commissioning Better Outcomes Fund Evaluation (Ecorys, 2019

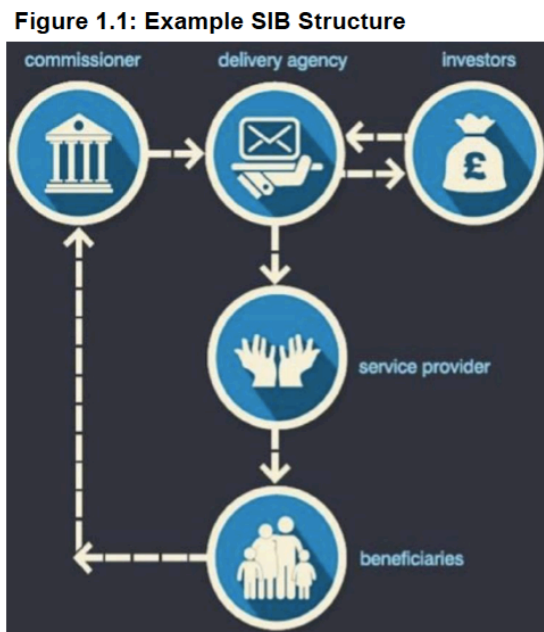
(FA10c)) observed one investor describing the process of embedding an outcomes-focused culture as “*eye-opening*” for service providers, where “*investors consistently reported that SIBs encouraged – or arguably forced – the investee organisation to pay attention to their outcomes and overall level of social impact*”. As previously identified, under the state domain, SIBs were represented as a mechanism to achieve greater social impact by enabling commissioners to scrutinise provider performance. So, which is it? Service providers being more closely monitored and controlled, or free to innovate and deliver what they want?

The confusing messages given around service providers was noticeable in how they were categorised. This study’s initial mapping of the UK SIB market discussed in chapter 3, identified that more than 70% of the 138 delivery organisations working on a ‘live’ SIB at that time were registered charities. However, the texts rarely referred to delivery providers as VS organisations and instead used much broader terms such as *impact-driven*, *mission-driven*, *enterprises* or *socially-focused businesses*. This may seem insignificant, but this terminology was working to further embed an ideological shift of how we view public services and the organisations which deliver them on behalf of the state. Mayr (2008) is particularly concerned about the specific institutional discourse of ‘enterprise’ in new capitalist societies, as the terminology frames previously non-economic activity (such as that of public institutions) within a wider enterprise culture. A lack of explicit reference to the VS also says something about the perception of the VS within the SIB ecosystem. Coule and Patmore (2013) outline that institutional logics provide an interpretation of who has a legitimate role within service systems and what innovative practices are a legitimate response to social needs. Within the SIB ecosystem, both the state and private investors were presented as possessing sources of power by being the holders of financial resources and having the ability to quantify what was determined as social impact. The VS, on the other hand, was not seen as possessing much power, as evidenced by them being largely overlooked in the literature. Consequently, the literature presents certain actors as having a standing and therefore their accounts are heard, whereas the less powerful voice of the VS was largely absent.

Figure 6.3 below was included in the National Lottery Fund’s CBO evaluation as an overview of the SIB model. The representation of the service provider as two hands ready to receive is a visual indication of the positioning of VS within the texts where the social domain is

reinforcing. The image presented the service provider’s primary role within a SIB as the recipient of investment rather than as the key to the delivery and achievement of the social outcomes.

Figure 6.3: Image from Ecorys (on behalf of the National Lottery Fund) Commissioning Better Outcomes Evaluation (2019)



To some extent, this alludes to VS organisations engaging in SIBs solely for the purpose of accessing investment. Some of the literature framed the provider as being motivated purely by financial incentives, as shown by Social Finance (2010 (FA1)): *“the provider is unlikely to provide additional career support as they are not financially rewarded”*. Sheffield City Council (2018 (FA7)) outlined that SIBs provided the opportunity of a more equal playing field for *“smaller organisations who do not have the capacity to raise investment in their own right, especially those in the VCSE sector”*. Apart from containing an assumption that VS organisations are seeking investment opportunities, this phrase downplays any agency held by VS organisations (especially small local ones) in setting their own funding strategies. In fact, throughout much of the literature, there was a lack of providers being given any form of status to exert power, particularly in contrast to the presentation of investors as heroes.

The one text that explicitly portrayed the VS as bringing “*expertise, altruism, care and values*” to a SIB partnership was one authored by an investor (FA14). Creed, Langstraat and Scully (2002) emphasise that consideration needs to be given to who is sponsoring the frame in order to decode the meanings of the discursive elements. Although Big Issue Invest (BII) is clearly an investor, they have their roots in the VS through the mission of the Big Issue charitable arm. Rather than overlooking VS providers, they brought them to the forefront and highlighted the benefits of working with them: “*the exceptional work undertaken by some of the organisations we invest in and support*” and “*some are small and agile early-stage enterprises with bold plans. Others are well-established community organisations with long histories of sustaining local support networks*” (Impact Report, Big Issue Invest, 2018 (FA14)). Although BII was clearly using discursive elements of VS values to present SIBs and showcase the impact of BII, there were still underlying market logics at play throughout their impact report. The wider report contained a narrative that financial expertise was the means to pursuing social ends. Equally, the legitimisation of VS engagement in SIBs was presented as only relevant for those organisations who behave in a certain way: “*increasing social returns by channelling funds to organisations that can deliver impact on the ground with our financial support, backed up by our experience and expertise in the social sector.*” (Big Issue Invest, 2018 (FA14)).

6.6 Layering of state and market logics

The framing of the SIB literature included multiple institutional logics as a means to drive the SIB agenda. There was a clear coming-together of market and public sector reform logics, with the state domain at the forefront of most texts. This was of no great surprise: much of the academic literature on SIBs (Albertson, et al. 2018; Del Giudice and Migliavacca, 2018; Milbourne and Cushman, 2015) emphasise the influence of public administration reforms, market liberation and the development of New Public Management (Hood, 1991). Established shared conventions and interactions between political institutions and the finance sector (Béland, 2005 (a)); an ‘open policy window’ (Kingdon, 1993) and reciprocal market expectations (Beckert, 2009) have created the right political environment for proponents of SIBs to gain ground in welfare reforms. This has resulted in Government taking the reasoning of financial actors into account and orientating actions towards them. What is of interest is how the positioning of the public sector reform frame served to camouflage any reference to

an explicit capitalist ideology to SIBs and the furtherance of privatisation in health and welfare.

Golka (2009) believes that an important part of financialization is the ability of financial actors to get non-financial actors to accept their prognosis and course of action. They do this through framing market solutions via narratives that appeal to nonfinancial actors' views of the problem. In the SIB literature, the dramatic language used to convey the idea of a welfare system running riot, was countered by a message of common sense and control via austerity measures. The depiction of "out-of-control welfare spending" contrasted the "modest" and "reasonable" depiction of investor financial returns; language serving to soften investor capital returns and any profit-maximising motivations. Through a social frame, the nature and purpose of SIBs was depicted as an instrument for social good that was being deployed to meet the needs of the most vulnerable members of society. But, at the same time, this is embedded within a market rationality that the introduction of financial measurement for social outcomes would lead to better quality and delivery of services. Thus, although it may not always be explicit, the market logic was dominant and layered underneath all the texts. Missing from the SIB literature was any form of challenge to the perception that financial markets are capable or even appropriate in creating a more just society.

6.7 Voluntary failure

The central positioning of financial intermediaries within the SIB structure, particularly the framing of investors as experts, is of concern for the VS. Investors were not simply presented as experts in finance but also as holding the key to understanding and developing better social impacts. The narrative threatens the very core of VS characteristics and how the VS differentiates itself from the private sector. Dollery and Wallis (2001) outline that many economic theories of the VS (particularly those that follow the market/government failure route) position the VS as an institutional alternative to the private sector or the government. VS institutional characteristics provide competitive advantage when providing certain goods and services. Firstly, the 'non-profit' status of VS organisations means they are inherently viewed as more trustworthy to deliver services to consumers who may have significant information asymmetries, in contrast to private profit-maximising organisations. Secondly, the diversity in specialisms within the VS means it is well placed to provide services which

bring widely shared benefits, but which focus on areas that do not command a majority support. However, Salamon's (1987) theory of 'Voluntary failure' turns these advantages on their head and identifies areas of institutional disadvantage that are specific to the VS: *Philanthropic insufficiency* (inability to consistently and at-scale generate resources); *Philanthropic particularism* (a focus on particular subgroups leads to favouritism); *Philanthropic paternalism* (power imbalances and the creation of path dependency); *Philanthropic amateurism* (lack of professionalism due to relatively low staff pay and reliance on volunteers).

Salamon's (1987) conclusion to his 'voluntary failure' theory is that, in many instances, VS institutional disadvantages can be offset through better partnership structures between the Government and VS, structures which "combine the service-delivery advantages of voluntary organisations with the revenue-generating and democratic priority-setting advantages of government" (Salamon, 1987, p.43). SIBs are consistently framed as a mechanism which can foster partnerships between sectors and play to the strengths of each partner. The SIB mechanism should, therefore, provide the VS with the opportunity to rectify some of its institutional disadvantages through more collaborative structures with Government. Certainly, SIBs offer VS providers a regular and reliable (presuming outcomes are met) source of funding to improve *Philanthropic insufficiency*. But the juxtaposition of SIBs as a new source of funding for the VS, alongside the narrative of reduced risks for state funding, placed private investors front and centre of the funding exchange. So, rather than the Government stepping in with resource commitments for the VS, it is private investment companies now holding the purse strings.

Salamon (1987) identifies that many VS support services are aligned to the ideologies and the beliefs of the VS entrepreneurs driving their organisation's mission, leading to *Philanthropic particularism*. Particularism is somewhat challenged with SIBs, as seen in Rob Wilson's speech, where SIBs were framed as a mechanism which can level the inequality faced by certain groups in society. But, as the holders of the finance, investors are free to put their investment into whichever social issues they are inclined to support or that they feel will generate sufficient returns. Therefore, private investors can show just as much "particularism" as the VS, both in terms of which social "cause" is attractive to the investor and how much

this “cause” would be worth. For example, the Elton John AIDS Foundation was able to develop a SIB focused on improving HIV treatment. The Elton John AIDS Foundation (a grant-making organisation) was not only the main investor but was also the principal commissioner, rather than a public body. Although the cause of improving HIV treatment can be seen as a very worthy one, in this instance the SIB mechanism is not a particularly democratic process for setting health and social care priorities.

As identified in the SIB literature, one of the central arguments for investor involvement was that of bringing expertise in how to set, measure and quantify better social outcomes. In comparison, the narrative for VS involvement was one of changing their behaviour to co-opt more business-like practices. The emphasis on embedding a technocratic approach to social outcomes tells us something about the perceived role of the VS as lacking agency or expertise in its own right, an example of *Philanthropic amateurism*. Thus, rather than offsetting institutional disadvantages for the VS, the SIB mechanism is reinforcing some voluntary failures or, in the case of particularism, transferring them onto the private investors. Seeing the only institutional opportunity for the VS to deliver SIBs as by remedying *Philanthropic insufficiency* is to follow the tendency to represent the VS as passive recipients of funding, being responsive only to the ideas of Government (Bennett, 2015) or, even more worryingly in the case of SIBs, to the ideas of investors.

6.8 Conclusion

Through examining economic approaches to the VS, Golka (2019) outlines that the field of social investment can best be understood as an attempt by social investors to gain a central footing in social and public service policy. In the case of SIBs, established resource exchange pathways for the VS have been altered by the introduction of social investors as new market actors (Beckert, 2009). Previously, resources- including money, networks, expertise and skills (Nicholls, 2008)- would flow directly between state commissioners and VS providers. Through the SIB mechanism, however, these resources are now routed through financial intermediaries. Golka (2019) believes that this has enabled investors to alter the rules of health and social care economic exchange to their favour, providing access to VS revenue streams for profit opportunities. Alongside controlling financial pathways, the framing of investor expertise as the solution to better quality social outcomes gives more power and

dominance to investor interests. “By claiming the ‘creation of social impact’ as caused by their financial investments, investors legitimate their entry into the field. At the same time, investors are the actors who define what does and does not count as ‘social impact’...” (Golka, 2019, p.20). Consequently, through the SIB mechanism, financial actors have transformed the prevailing social order so that they not only have control of the VS resource pathway but also have a say in what VS activity is deemed legitimate enough to support the VS organisation’s beneficiaries.

VS organisations may appear on the surface as complicit partners in the introduction of SIBs but can acquiescence really be given when SIBs are effectively presented *fait accompli* by the state and its institutions as being universally beneficial and common-sensical (Mayr, 2008)? The institutional operating environment of SIBs creates blurry boundaries between market, state and community domains (Brandsen, van de Donk and Putters, 2015) and leads to tensions for VS organisations between servicing Government requirements and responding to investor influence while at the same time sustaining the individual organisation’s original social mission. The structure-agency debate is particularly relevant here (Coule and Patmore, 2013). Traditionally, VS organisations gained legitimacy with their donors and volunteers via their mission and values, a representation of the ‘original’ innate charity characteristics (Knutson, 2012). Over recent years, a proportion of VS organisations are now also involved in the delivery of contracted-out public services, a development that requires a legitimacy to the state through service-level agreements, contract monitoring and output targets (McGovern, 2017). VS organisations which operate within the SIB market now also have to consider a third party, with legitimisation to investors. VS organisations therefore need to decide whether they are willing to engage in funding structures that take financial actors and their profit opportunities into account (Golka, 2019). As shown in the reframing of the SIB literature, institutional market logics were dominant giving a position of power to SIB investors. The question for the VS is whether the gains taken from engagement with SIBs provide enough of an objective to forge such cooperative ties with financial institutions or whether the coordination problems (*value, competition, cooperation*) (Beckert, 2009) of engaging within the SIB market are too contentious.

Skelcher and Smith (2015) frame this tension in terms of hybridisation- referring to the complex structures and organisational forms that VS organisations take on to balance competing priorities. Although a large proportion of UK SIB providers have been registered charities with a specific ‘public benefit’ status in law, it is somewhat inevitable that the SIB literature was unable to represent SIB providers in any cohesive way. Perhaps the challenge facing the VS (and VS studies) is the diversity in the types of organisations that make up the sector. This makes the identification of a set of ‘shared’ characteristics, common to all VS organisations, a difficult task (Knutsen, 2012). Dollery and Wallis (2001) (drawing on the work of Weisbrod, 1988) identify two broad theories: a “demand” model, that positions the VS as responding to the government/market failure; and a “supply” model, that is the outcome of social entrepreneurship through altruistic and idealistic factors. However, Dollery and Wallis (2001) are cautious about treating VS organisations as falling into two broad categories and give an example of another type, described by Weisbrod (1988) as ‘for profits in disguise’. Within the SIB operating environment, the aspects of care for and valuing others, traditional to the logics of the VS, are being co-opted by social investors to justify their move into the welfare space. This leaves little room for the VS to position itself as distinct or as an equal partner in the SIB ecosystem without some form of pushback.

One element of confronting the one-sided dominance of financial actors in spaces more traditional to the VS, is by understanding the conditions that have enabled the private sector to gain such positions of power via mechanisms such as SIBs (Golka, 2019), and how these mechanisms are framed. However, a lack of underlying ideological thread for VS engagement in SIBs is perhaps a manifestation of the wider VS struggle to find its own dominant institutional logic, rather than an inevitable next step in the financialisation process of the social world. By choosing not to conform to normative market organising principles and establishing its own ‘rules of the game’, VS organisations may find a possible way out of becoming another victim of the neoliberal struggle and be able to reaffirm itself as an institutional alternative.

Chapter 7: Institutional Logics of SIBs and the Local VS at the Meso-Level

7.1 Introduction

Chapter 6's frame analysis identified the ways in which SIBs are presented as a mechanism designed to align the strengths and values of private, state and voluntary sectors. But the SIB grey literature fails to identify what VS strengths and values make the sector's involvement a critical part of SIB development. The VS is either reduced to merely deliverers of services on behalf of private investors or is portrayed as a group of organisations from a sector which requires behavioural/cultural change to bring it more in line with 'professional' business-like practices. There was little evidence of the 'win-win-win' (Ronicle, Stanworth and Hickman, 2019) scenario that SIBs originally promised: any reciprocal benefits for the VS are absent, beyond the promise of money from investor to VS organisation. Beckert's (2009) three coordination problems of *value*, *competition*, *cooperation* come to mind; VS organisations are considered a *valued* part of the SIB ecosystem only if their behaviour *cooperates* with institutional market norms and expectations.

The literature review identified emerging concerns about the unintended consequences of NPM practices on the VS (Milbourne and Cushman, 2015, Neyland, 2018, Dayson et al. 2020). With the absence of a VS voice in literature promoting SIBs at a UK national level, it is difficult to gain clarity on either VS motivations for engagement with SIBs or whether the underlying narratives which represent the VS in the SIB market resonates with organisations operating within the sector. Does co-opting SIBs as a funding mechanism mean charitable leaders have bought into NPM practices through the market logic of SIBs, where cost-benefit mechanisms theoretically lead to better social outcomes? How does the introduction of financial measurements for social outcomes align with current values, identity, and the operating environment of the VS?

This chapter builds on the discussion from chapter 6 with the aim of exploring the VS voice that is absent from frame analysis findings. Where the frame analysis focused on the literature aimed at the advancement of SIBs at a national macro-level, this chapter focuses on the meso-level to explore the linkage between the national SIB narrative and local VS

perspectives. Continuing through the lens of new institutionalism, it explores VS leaders' views on the introduction of SIBs to gain a sense of whether the logics of SIBs are impacting the VS operating environment. 'Impact' of SIBs on the VS could be approached from multiple methodological and philosophical angles, for example, the impact on the VS financial operating environment through the analysis of charity accounting data, or the impact on a specific charity through the evaluation of an individual SIB. However, this study is interested in the institutional logics that help to shape belief systems and behaviours within the VS (Coule and Patmore, 2013), therefore 'impact' in this sense refers to how the VS interprets the SIB phenomena at a local, operational level and whether the state/market narratives found in the SIB literature are themselves influencing how the VS constructs its own social reality.

The chapter focuses on the city of Sheffield as a case study. The study used a mixed method approach to data collection that encompassed Q methodology and focus groups. The aim was to explore whether voluntary sector actors were rationalising the institutional logics of the SIB agenda at local operational level, to investigate how state and market narratives have influenced VS strategies when delivering services on behalf of the state. Q Method and focus groups were utilised with local VS leaders to explore the linkage between the macro-level narratives of SIBs and the meso-level practices of local VS organisations. Interpretation of the data helped to explore whether VS leaders have subsumed the institutional logics into their organisational strategies or felt that these logics are imposed and causing tensions with established VS belief systems and practices.

7.2 Chapter outline and research approach

This chapter represents phase 2 of the research design.

	Exploratory Phase Establishing context	Phase 1: Macro National policy	Phase 2: Meso Local VS Leaders
Purpose	<ul style="list-style-type: none"> Understand the development of a SIB market Explore appropriate theories Identify broad themes for VS engagement with SIBs 	<ul style="list-style-type: none"> Examine macro context of SIB market development Identify dominant institutional logics 	<ul style="list-style-type: none"> Identify VS perspectives of the SIB market Explore linkage between macro institutional logics and meso VS operating environment
Data Collection	<ul style="list-style-type: none"> Mixed Review of literature Analysis of SIB database and charity almanac Semi-structured interviews 	<ul style="list-style-type: none"> Qualitative SIB grey literature 	<ul style="list-style-type: none"> Mixed Q method Focus groups
Analysis	<ul style="list-style-type: none"> Theme development Calculation of provider size and SIB market scope (excel) Coding (NVivo) 	<ul style="list-style-type: none"> Frame analysis Institutional logics 	<ul style="list-style-type: none"> Factor analysis (KADE) Coding (NVivo)
Relevance to study	<ul style="list-style-type: none"> Identification of New Institutionalism as theoretical framing Key questions outlined 	<ul style="list-style-type: none"> Research question 1 Identification of institutional logics driving the SIB agenda Discourse on VS engagement in the SIB ecosystem 	<ul style="list-style-type: none"> Research questions 2 and 3 3 social perspectives on VS engagement with SIBs Tensions in voluntary failure

A more in-depth outline of the epistemological decisions that have been made about the research approach considering methods, validity, limitations and scope can be found in Chapter 5 Research Design and Methods.

Sheffield as a case study

The increased diversity of organisations operating within the VS can cause problems for researchers trying to study trends or phenomena across the sector as a whole. Identifying a set of common shared characteristics is challenging when organisations differ in terms of size, mission, funding mechanisms and organisational form (MacMillan, 2013). An exploratory case study methodology was the most appropriate fit to investigate VS actors' rationalisation of the institutional logics of the SIB agenda as it enabled analysis of the linkages between macro-level policy choices made by national Government, and the meso-level operating environment of the VS (Serpa and Ferreira, 2019). By focusing on the local VS in Sheffield, the scope of potential data could also be reduced "in order to make the empirical world amenable to investigation" (Johansson, 2007, P.49).

SIBs have been designed to "create new, localized, experimental markets" (Neyland, 2018, pp.495) and Sheffield provided an interesting intrinsic case (Silverman, 2005) for investigation of how this new market had impacted the landscape for the local VS. In 2018 Sheffield City Council was the recipient of the largest grant share of the Government's Life Chances Fund aimed at "transforming the way public services are delivered" (Office for Civil Society, press release 2018, found online: <https://www.gov.uk/government/news/government-pledge-28-million-to-support-children-and-young-people>). However, at the point of writing this study, Sheffield City Council had succeeded in developing only one of the five proposed SIBs for the city, making Sheffield a special and relevant case to study. According to Yin (2009) selecting a case to study needs to consider the availability, quality and relevance of case study data. As a researcher who lived in Sheffield and worked as a local VS leader, I had good networks and access for the availability and quality of data.

Over chapters 7 and 8, the research design incorporates a multicase study approach, using Sheffield as the case link, but studying the phenomenon of SIBs and local VS through different parts that collectively examine the main case study research question (Stake, 2006). This chapter utilises Q Method and focus groups involving VS leaders to explore how the development of a new SIB market plays out at VS local level activity.

VS Leaders

The Q method and focus groups used purposive sampling (Silverman, 2005) of twenty-two local VS leaders. Skelcher and Smith (2015, pp.439) refer to organisations as the social entities where the logics of sectors interact with the agency of actors; “actors exercise agency as they make sense of the relationship between the normative expectations of an institutional logic and the organisational context in which they find themselves”. As the central logic of an institution gives identity and meaning to its actors, institutional logics can therefore help to explain the interactions between normative societal structures, organisational forms and individual behaviour. These interactions are subjective, based upon the meaning and interpretation that actors translate into their operating environment.

As this was a case of interest, no attempts were made to generalise beyond Sheffield. Further limitations to the research methods were that purposive sampling had been used, therefore the VS leaders who participated were not a representative sample of the entire Sheffield VS. Instead, the multicase study approach focused on particularisation, paying attention to the Sheffield situation rather than representing cases in general (Stake, 2006). As a local VS leader with ‘insider’ positionality my approach was to utilise my knowledge of the local VS to access key individuals who I felt would hold unique insights into Sheffield VS as a case study. The opportunity to take part in the research was promoted widely across Sheffield VS networks and peer groups. Thus, rather than generalisability of the case, the quality of the case study can be found in ‘insider’ depth of understanding and insights (Chavez, 2008).

Table 7.1: Q Method participants and focus group composition's

Focus Group	No. of Participants (P)	Background* P1	Background P2	Background P3	Background P4	Background P5
1	4	CEO Young people	Interim CEO VCS infrastructure	CEO Social equality	Deputy CEO Mental health	
2	5	CEO Older adults	CEO Animals	CEO Local area anchor	CEO Disabilities	CEO Race equality
3	4	CEO Young people	CEO Local area anchor	CEO Homelessness	CEO Local area anchor	
4	5	CEO Horticulture	CEO Race equality	Chair Mental health	Deputy CEO Young people	CEO Women
5	4	Chair Mental health	CEO Homelessness	CEO Mental health	CEO Substance misuse	

Q Method

A more in-depth outline of Q Method can be found in Chapter 5 Research Design and Methods. The section that follows provides a briefer overview of the Q Method methodology.

The first stage of data collection was conducted using Q Method, a research methodology that blends qualitative and quantitative techniques to unearth social perspectives on a particular issue (Webler, Danielson and Tuler, 2009). The intention of the Q Method is to distinguish several distinct perspectives on a topic by asking participants to rank-sort a series of statements about a subject. VS leaders were asked to rank-sort twenty-two statements that represented different VS narratives derived from the SIB grey literature, attributable to state, market or voluntary sector institutional logic. Participants undertook individual Q-sorts one week before taking part in a subsequent focus group: this gap allowed for an understanding of their subjective opinions before they could be influenced by the researcher or the group discussion. The Q-sort was conducted in accordance with McKeown and Thomas (2014) and followed a five-step methodological process. Analysis was conducted using factor analysis to identify patterns in the data where individuals had sorted the statements in similar ways

(Rhoads, 2014). The factor interpretation revealed three social perspectives on VS engagement with SIBs.

Focusing on meso-level belief systems and behaviours of the local VS as a collective, through an institutional lens, meant the questions posed were subjective and therefore required a methodological approach that encompassed the examination of social perspectives. Q method provided a framework for exploring the attitudes of VS leaders as a group, looking at the portrayal of the VS in the SIB grey literature, as well as identifying meso-level collective perspectives about what SIBs may mean for the VS operating environment. McKeown and Thomas (2014, p.5) point out that the value of the Q method is that “it enables entry into subjective worlds and provides the tools for making those subjective meanings objective”. Although the findings are subjective, the factors are grounded in concrete behaviour which supports further exploration through the focus group discussions (Brown, 1980).

Focus Groups

A more in-depth outline of the focus group method can be found in Chapter 5 Research Design and Methods. The section that follows provides a briefer overview of the focus group methodology.

Focus group method was selected to accompany the Q Method as it is a guided and interactional technique that would unearth VS leaders reasoning behind their Q sort selection, their perceptions of SIBs and their attitudes to the VS operating environment (Powell and Single, 1996). Focus groups are not a medium for capturing language as a “neutral conveyor of information” (Smithson, 2000, P.105) but are interpretive, providing an opportunity for seeing how the institutional logics of the VS were reinforced or challenged in a group setting. A series of five focus groups were conducted (see table 7.1) following Krueger’s (2014) five characteristics to focus groups. The groups took place one week after each participant had completed their Q Sort to allow time to collate and conduct initial analysis on participant responses to ‘focus’ the discussion and elaborate on the key themes. A discussion guide was developed based on findings from the frame analysis and Q Sort that allowed an open but semi-structured schedule (Krueger, 2014).

The focus groups were conducted virtually using Microsoft Teams, in part due to ongoing Covid restrictions but also to make it easier for VS leaders to make the time to attend. On average, the sessions were around 90 minutes in length. Sessions were scheduled purposely with a small number of attendees, capped at 5 participants per group, to ensure conversation could flow without the need for virtual hands or asking people to mute their microphones (Falter et al. 2022). Recruitment had focused on local VS organisations that were involved in delivering services on behalf of the state and people within those organisations that held senior leadership roles, who were responsible for strategic decision making. As a result, participants were mainly CEOs or Managing Directors of their organisations. Participants also included two Chairs of Trustees who governed smaller organisations that did not have a paid leadership role within the organisation, and two Deputy CEOs for organisations that worked more regionally where the Deputy held a Sheffield focus. One CEO had completed the Q Sort but was unable to attend a focus group. Their data was included in the Q Method factor analysis. An overview of the composition of the focus groups is outlined in table 7.1, including participant's roles and the mission of their charity.

Findings and Discussion

Discussions have been interspersed with the findings throughout the chapter, to build meanings and draw conclusions across both the sets of findings to gain a sense of where the logics of SIBs might be impacting the VS operating environment at local level.

The Q Method and focus group data was triangulated to focus on whether VS leaders were interpreting the institutional logics into their organisational strategies or feel that these logics were being imposed and causing tensions with established VS belief systems and practices. Findings are presented as follows:

1. **VS Knowledge and Understanding of SIBs**- drawing on Beckert's "Social Order of Markets" (2009) theory to explore whether the national discourse around the introduction of SIBs as a funding mechanism was resonating at local VS level.

2. **Three Social Perspectives** – revealed through the Q Method factor analysis on VS engagement with SIBs, the three social perspectives identified collective interpretations of the institutional logics found in the SIB grey literature.

Factor 1: VS Distinctiveness

Factor 2: Voluntary Failure

Factor 3: Cognitive Dissonance

Many of the issues identified under point 1. VS Knowledge and Understanding of SIBs, had cross-cutting themes which were reinforced during discussions on the three factors. Each factor is discussed in turn, with a Composite Q Sort table to highlight the positioning of statements, and findings presented in relation to the institutional logics of SIBs and relevant literature.

7.3 VS Knowledge and Understanding of SIBs

According to Beckert (2009), the creation of new markets requires key market actors to align their actions to enable an exchange of ‘goods’ to take place. The *coordination* of actions can only take place if all market actors have clear expectations about their role in the given market and the role of the other key actors; and a belief that the expected outcomes are sufficiently in their interest. Sheffield City Council’s Life Chances funding had the goal of creating a new, localised SIB market in Sheffield, with local VS organisation’s becoming key market actors. The findings from the frame analysis found a lack of clarity around the VS identity and role in the SIB national market, along with dominant institutional logics from market and state. As in Akerlof’s (1970) “Market for Lemons”, asymmetric information is a significant part of building stable market expectations, therefore VS leader’s level of knowledge and understanding of SIBs has a role to play in local market development.

Statements explicitly mentioning SIBs were included in the Q Sort to understand whether VS leaders felt strongly (either positively or negatively) about SIBs:

- S4. *Social Impact Bonds (SIBs) provide opportunities for VS organisations*
- S18. *Social finance tools, such as SIBs, are predominantly about providing alternative funding to the VS*

At the start of the focus groups participants were given a brief explanation about the SIB structure and asked what they knew (if anything) about SIBs as a VS funding mechanism. Both the Q Method and the group discussions highlighted that there is a real lack of local VS knowledge around SIBs as a funding and commissioning model. In the Q Sort, 55% of participants placed statements 4 and 18 into the neutral column, with the remaining 45% placing them in the -/+1 column. Brown (1980) identifies those statements placed towards the middle as “lacking significance” and that a score of 0 tends to be of “equivalent insignificance from individual to individual” (p.22). Responses in the focus group generally matched the scoring of the Q sorts, with discussions amongst participants agreeing that they had very limited knowledge. Participants who did have some prior knowledge described information about SIBs as being quite confusing and complex.

“Literally my knowledge is that slide that you've just shown. I tried to do a bit of homework beforehand and actually what you just said clarified what I just read. Because when you read the government-speak it kind of bobbled my head a bit.”

F1: Deputy CEO, Mental Health

“Zero experience and when I got your email and you said that you don't need to know about them, I thought ‘phew’.”

F4: Deputy CEO, Young People

No participant had experience of directly delivering a SIB but four had been involved in partnerships looking at SIB development which for various reasons did not receive the support of local commissioners. These participants agreed that the process seemed quite complicated and, rather than forging closer working relationships with the private and state sectors, it felt like a process that created divides, particularly between the VS and the local authority.

“As much as I found it [SIB development] an interesting process, I did find it complicated and a bit confusing.”

F4: CEO, Women

Two CEOs had been part of the same SIB development partnership and reflected on their similar experience:

"I'm getting PTSD bloody thinking about it. We were told we didn't need to partner, we could submit one by ourselves and then at three o'clock, the day before, we were told we needed to partner. So in terms of process, it was great in terms of the people we were working with in the room, but the process was a shambles quite frankly."

F5: CEO, Substance Misuse

"There wasn't a very good connection between the investor and the public sector and ourselves as a bidder in any way whatsoever. I think that was one of the big things we took away from that. As if the local authority didn't really know what it was doing either."

F5: CEO, Homelessness

In the Q Sort, only one participant felt that SIBs provided opportunities for the VS (S4), however during focus group discussions participants identified several potential benefits. The most popular was the opportunity to enlist the private sector into sharing ownership of society's social problems. Private sector involvement was discussed as having the potential to share the risks of outcome achievement; as a chance to get the local authority 'out of the way' of outcome development; and as an access point to pockets of expertise that VS organisations wouldn't normally have.

"I quite liked the idea that the service provider and the investor would work on the outcome together so that they could do something different from a prescribed tender from a local authority."

F5: CEO, Homelessness

"The fact that it may also be accompanied by specific pockets of expertise that you don't currently possess. I guess that's part of the USP, it links you in with investors. It's a bit like Dragons Den, isn't it?"

F3: CEO, Young People

Other benefits focused on SIBs being a new funding model that can bring additional money into the system, with potentially larger pots or longer-term funding.

“If you could do a deal directly with the social investor, there is a genuine opportunity to get perhaps some more money into the system but in a much better way.”

F2: CEO, Older Adults

Many of the participants felt that SIBs were simply out of their reach. As local VS organisations this was largely down to their organisational size and lacking the internal infrastructure to develop and fully pursue a SIB. The reasons for this were described as a lack of ability to scale, the complexity of SIB financial structures and challenges around attaching financial value to some charitable causes.

“We are a small user-led organisation and yes, we've grown a little bit in the last few years. But you know, at the end of the day it is very, very difficult without the resources and the capacity to do these things.”

F5: CEO, Mental Health

“They will be very applicable to certain parts of the system. Very applicable. But I said I'd be shocked if they were applicable to the vast majority of organisations.”

F3: CEO, Young People

“I would say for a small charity like all of ours, it feels really difficult to access SIBs because there seems to be so much knowledge and infrastructure behind it, whereas I think for a large charity, a SIB could potentially be, in the short term, a golden goose.”

F2: CEO, Older Adults

For all the discussions on the potential benefits of SIBs, there were significant concerns around the ideology behind the introduction of SIBs as a new funding mechanism in health and social care, with wide-spread views that their introduction had financial rather than social outcomes as their goal. Although participants had identified that there was potential for SIBs

to bring more money into the system, this did not sit comfortably with the idea of investors and financial intermediary firms taking interest payments on outcomes or fees for financial modelling. Participants queried investor motivations, feeling a sense of irony that the VS was being asked to co-opt business practices while investors' social responsibility credentials were not questioned.

"I'm really, really worried about the idea of social impact bonds and anything that monetises or marketises what we do."

F2: CEO, Local Area Anchor

"I think they [investors] are potentially beneficial partners, if they're open to a true partnership helping shape what the outcomes are, not just paying chunks of money to the investor which lines their pockets and they get 30% of the cut for monitoring and interest."

F4: Chair, Mental Health

Interestingly, Big Issue Invest was viewed more favourably than other investors such as Bridges Fund Management. Perhaps this was because Big Issue Invest is an arm of the wider national Big Issue charity, giving them 'insider' status.

"Instinctively I would be more trusting of Big Issue Invest, for example, than Bridges or another. Perhaps those social funders have got a bit of work to do, really to sort of build confidence in what they're offering and why."

F2: CEO, Older Adults

Participants felt there was a real lack of evidence that SIBs led to any transformative social impact and that actually the focus was more on opportunities for investor involvement in health and social care and financial evidencing rather than on the needs of the beneficiaries. The CEO of a Race Equality charity compared the costs of the SIB model (particularly investor fees) to international aid payments:

“The key question here for me is, do the beneficiaries want that process? No. As a charity, what we're looking for is a direct payment. That means we want the outcome payer to link directly with the beneficiary. When we get a middle person and they choose to do that, it's always a tricky experience.....The money that should come straight to the beneficiary is a very tiny percentage of the starting money and this happened as well to a bigger dimension between what the Western world does to Africa.”

F4: CEO, Race Equity

There was a sense that SIBs are another costly policy model focused on bringing market structures to health and social care, adding another layer between the outcome payer and the beneficiaries the funding is trying to serve.

“Look what happened when they tried to introduce a business model in probation. I think they're now just unpacking it, putting it back to where it was. And how much money was wasted.”

F4: CEO, Women

Participants were also asked about Sheffield's local SIB plans and whether they were aware of the £19m Life Chances funding received by Sheffield City Council to pump-prime the local SIB market. Most admitted they did not know about the funding or were not aware that it was focused on developing a local market for SIBs. There was also a sense of frustration that most of the funding was handed back to central government due to a lack of momentum in the development of the five planned SIBs.

“I didn't know they [Life Chances] were for SIBs. I was aware of the South Yorkshire Housing project and I knew it was government funded, but I wasn't aware that it was kind of tied up with SIBs at all really.”

F3: CEO, Young People

“I’m even more horrified to hear that money in the city goes back and nobody goes back and says ‘we can’t utilise it now’. The rest of us are starved in our organisations.”

F1: CEO, Social Equality

These initial focus group discussions identified that participants had a real lack of knowledge and understanding about SIBs. Academic literature highlights that SIB information is dominated by financial language (Carter, 2019, Lowe, et al. 2018, Fraser, et al. 2018) and at Sheffield’s VS operational level this is leading to confusion and a sense that SIBs are not appropriate for local VS organisations. Beckert (2009) describes the *cooperation problem* arising between market actors when there is incomplete knowledge about the intentions of their exchange partners. This was evident in the statements about the local authority’s role as commissioners of SIBs and the handing back of the Life Chances funding.

The state logic appeared to be rejected, with the perception that local authority commissioners were detrimental to VS engagement with SIBs. This antagonistic relationship between state and VS also featured in the Q method where the statement *‘the VCS has a significant say in its role with Government (15)’* was a point of consensus across all identified social perspectives, scoring consistently low. In contrast, and perhaps somewhat surprising, a more positive view was provided of the role of the investors in SIBs and their introduction as a partner for the VS. Rather than reject market logics entirely, participants appeared to accept the SIB discourse that investors bring additional expertise and an ability to support the VS in social outcome settings. However, participants were somewhat conflicted about investor motivations, specifically because of their ability to claim interest on their investment, as outlined by the quote from F4 Chair of Trustees, who worried the investor motivation was more about lining their pockets than helping to shape social outcomes.

Throughout the discussions participants described their organisations, and the organisations of the other participants, as local or small charities in direct contrast to larger VS organisations. This distinction will be investigated further under Factor 1 in the Three Social Perspectives but, specifically in relation to SIB roles, this reinforced the concept that SIBs were not appropriate for their own organisation. As outlined in the frame analysis, the financial terminology of SIBs is helping reinforce the rules that determine who are legitimate players in

the market. Williamson's (1973), 'Information Impactedness' is relevant here, where one market player has deeper knowledge than another, leading to issues around hierarchies in the market. In this instance, local VS leaders are attributing a legitimacy to investors and larger VS organisations. This was backed up by the neutrality score of the SIB statements in the Q Method. The lack of information presented through a logic that VS leaders can relate to was perhaps an influencing component to disengagement with the SIB process for local VS providers in Sheffield, showing that "SIB alignment may be easier to achieve at a policy level rather than a delivery level" (Lowe et al. 2018. P.366).

7.4 Factor 1: VS Distinctiveness Argument

The core-perspective in Factor 1 was VS distinctiveness, particularly in relation to positioning the sector as separate and distinct from private and state organisations. The VS as 'distinct' has been a feature of much of the debate in VS studies and commentary (Billis and Glennerster, 1998; MacMillan, 2013; Dayson et al. 2022). Market/government failure theory suggests that the very existence of the VS is to provide a distinct institutional alternative that meets needs that are not met through market forces or governmental services (Billis and Glennerster, 1998). Yet, the absence of a coherent narrative of VS distinctive features in the frame analysis showed that the grey literature failed to determine any underlying ideological thread of the VS's role within SIBs.

The discourse found in the SIB grey literature around VS engagement and imposed market/state institutional logics has potential for causing tensions with the concept of VS distinctiveness. Recent discussions on the influences of New Public Management (NPM) through contracting of the VS to deliver state services has prompted questions on whether VS distinctiveness is under threat, or at least fundamentally shifting (Milbourne and Cushman, 2015). In the focus groups, discussions identified that VS leaders were aware of these differing institutional rules and could interpret the actions of market/state actors as 'playing' to these rules, whereas the actions of the VS were seen as 'genuine'. As demonstrated in this statement by the CEO of a Social Equality charity, where they described the VS as the 'real people':

I think we have a different way of doing things. We do things our own way and I think we fundamentally are really different, and I think corporate bodies and institutions have a certain way they do things, and the voluntary community and faith sector are the real people.”

F1: CEO, Social Equality

Table 7.2 Composite Q sort for Factor 1

-2	-1	0	1	2
S19. VS organisations should become more ‘business like’	S12. VS activity can be paternalistic	S7. Evidencing social impact is a priority for VS organisations	S2. Being innovative is a key strength of the VS	S11. Lack of resources is a significant challenge for the VS
S8. The VS could learn a lot about measuring social outcomes from the private sector	S10. Financial incentives for the VS lead to better social outcome delivery	S9. Partnerships with local/national Government provide opportunities for VS organisations	S6. Social problems are too costly for the state to fully respond to	S3. Social enterprises are part of the VS
S22. The VS exists due to the failures of the state and private sectors	S14. There is too much replication of VS organisations	S4. Social Impact Bonds (SIBs) provide opportunities for VS organisations	S20. Some social causes attract more wealthy supporters than others	S17. Being flexible is a key strength of the VS
	S13. The VS struggles to attract professional personnel in comparison to statutory and private sector organisations	S21. Growth and ‘scaling-up’ are important parts of VS strategy	S16. Tailoring services to people’s needs is a key strength of the VS	
	S15. The VCS has a significant say in its role with government	S1. Being reliant on grants and donations is unsustainable for VS organisations	S5. Providing value for money is a key strength of the VS	
		S18. Social finance tools, such as SIBs, are predominantly about providing alternative funding to the VS		

Factor 1 perspective of the Q Sort featured strong feelings about the VS' key strengths and values. Statements 2, 5, 16 and 17 all scored relatively highly in the composite Q Sort and statements about the VS in relation to the private sector (8 and 19) scored very low.

Discussion during the focus groups identified four important aspects to VS distinctiveness:

1. Adaptability
2. Expertise in social outcomes
3. Working at the Grassroots
4. Motivation

1. Adaptability

In the Q method adaptability was represented by S17, which came out high in the composite Q sort. However, in the focus groups adaptability was not seen as a universal strength across the whole sector and only assigned as a specific strength of smaller, local organisations compared to larger national charities. The flexible nature of the VS was linked to a focus on community needs (S1) combined with limited resources (S2) and a constantly changing funding environment.

"If something is not working, we can change it because there's a flexibility in there. It's not like we're some juggernaut rolling down the hill like these big organisations are, it doesn't take much to turn us around and try something else, and I think that's a kind of value as well."

F1: CEO, Young People

"That constant ability to adapt and change and flex and try and shave costs here and try and extend reach there - I think that is a key element of how we can spread fairly few resources, we can spread them quite thinly and quite widely, but actually reach a lot of people. I think we're good at doing a lot with a little and I think that is down to innovation."

F1: Deputy CEO, Mental Health

VS adaptability was particularly put in direct opposition of the bureaucratic nature of the statutory sector and their focus on risk aversion.

“I think a lot of the times the risk aversion that we have is inherited from the statutory partners rather than our organisations, who would be more willing to progress things. Not in a reckless, cavalier fashion, but because things can usually be done in voluntary sector organisations more speedily with less layers of bureaucracy.”

F2: CEO, Race Equality

2. Expertise in social outcomes

S8, which came out low in the composite Q sort, highlighted how the VS Distinctiveness perspective disagreed that investors are the experts at developing social outcomes.

“There's that kind of corporate type way of doing things, then there's that bottom-up type way, because I think we would think about somebody's needs very differently from the corporate eye or from the eye of somewhere else, and we design something that actually would meet that need. You know it might be something that they could never ever think of.

F1: CEO, Social Equality

In the focus groups, participants felt that social outcome development was a key expertise that VS organisations could bring to the SIB model- with investors learning from VS organisations rather than VS organisations becoming more like businesses (S19). This was discussed in relation to the challenges of aligning financial payments with social outcomes. It was felt that a lot of the important work that VS organisations do to support vulnerable people is not easily quantified or conducive to a financial profile.

“I think there are some benefits in working with the private sector, but I'm not convinced that they bring the expertise around delivering outcomes. They'll bring other expertise but not specifically around the issues that are the intractable, or the wicked issues as we used to call them. If there was an easy answer we would have found it by now.”

F2: CEO, Race Equality

Participants in the focus groups felt that the VS achieved social outcomes by directly responding to state and market failure. Discussions identified that the positioning of investors (who are ultimately financial agents) as the experts in measuring social outcomes ignores capitalism's role in causing the intractable social issues that SIBs are aiming to respond to. Equally, participants felt that state involvement in setting the measurement of social outcomes was problematic, in part due to the influences of political structures and broader power dynamics with its citizens. However, Factor 1 perspectives scored S22 very lowly, indicating that responding to state and market failures should not be the only reason for VS existence.

“We exist as an organization as a response to state failure, because that's kind of the story of how we arrived. Whether we're actually needed or not is a different debate. We work in an area of complete market failure. So there's no private sector coming in to do what we're trying to do in terms of heritage deficit and the rest of it.”

F2: CEO, Local Area Anchor

“The way that we work with people in so many situations creates better outcomes. Because there's trust, there's removal of those statutory kind of power structures. All the kind of things that can exacerbate someone's difficulties and situations.”

F3: CEO, Young People

A further belief of this viewpoint was about the different motivations for measuring outcomes. In the Q Sort, S7 was scored as neutral: however an ongoing theme in the focus groups was getting feedback and evidence because of their importance in shaping services that meet people's needs, rather than as tools to draw down funding.

“People choose to access our services as opposed to being told that they have to. We probably get more authentic feedback from the people that use our services.”

F4: CEO, Women

3. Working at the Grassroots

Expertise in developing social outcomes was linked to the positionality of the VS within the heart of communities. Arguably this was the only VS asset highlighted in the SIB literature, but it was linked with gaining access to potential beneficiaries rather than truly understanding local community needs.

“There’s a reason why the situation on the ground is worse now in many places than it has ever been, because we’ve just had the stuffing kicked out of us, the social context. We are dealing with the day in and day out consequences of that. The very extreme end of a dysfunctional society.”

F3: CEO, Young People

Participants didn’t just argue this distinction in relation to the state and private sector but in relation to larger, national charities as well.

“I think that it’s the small and high quality of our interactions and the personal service, the personal interaction between people and how we care. It is absolute quality and it’s not about economies of scale. We say if we can’t walk to our sites and we stop knowing people’s names when we get there, then we’ve got too big in terms of our area.”

F2: CEO, Local Area Anchor

“We tried to put all these bloody outcome frameworks and targets and performance related bollocks in and it didn’t work. It didn’t make anybody’s lives better, because actually we’re just rearranging deck chairs on the Titanic.... Your larger organisations will not come out and say that because they can’t, because they don’t want to bite the

hands that feed them, because they sit at round tables at government and because they are told they're not allowed to discuss it."

F5: CEO, Substance Misuse

4. Motivation

Factor 1 viewpoint highlighted the importance of the VS being distinct and therefore not becoming more business-like (S19). Participants felt that motivation was perhaps the most distinctive characteristic of the VS that marked the difference with private businesses and brought a different kind of value.

"The motive by which we work is very, very different and more innovative because it is based on those people that we're delivering to as opposed to profit or other stuff like that."

F1: CEO, Young People

The 'non-profit' status of VS organisations was especially important when delivering services to people in need. Participants constructed a very anti-market logic, where the VS is valued for its 'non-profit' difference to the private sector- a focus on public interest rather than the bottom-line.

"Yes, we need to raise money to do it. But I think there's a determination to make the issue the primary thing, rather than it to be sold by what's the cost we can put against this in order to maximise profits or whatever it is."

F5: CEO, Homelessness

"So many businesses just focus on relentless pursuit of growth, cost down, profits up. That's not right for charities in terms of our model."

F5: CEO, Substance Misuse

This distinction was not just made in terms of the sector or the organisations which operate within the VS but also in terms of the staff and leadership. Motivations of altruism and work

that has meaning contrasted with perceived motivations in the private sector of a pursuit of careers with big financial rewards.

“I just resent this sort of ‘becoming more business-like’ mantra. You know, we're not businesses. If we were businesses, we would be offering a business. You know, we could all do that. All of us around this call [focus group], but we're choosing to use our skills in a different way and for a different benefit.”

F2: CEO, Animals

“People who work in the sector or volunteer in the sector, they're doing it because they want to make a difference and actually, their motivation for working is not purely around profit.”

F2: CEO, Disabilities

“That's why we do this job, isn't it? As actually we believe our work has meaning because it's given without there being all these preconditions of big salaries or profit.”

F3: CEO, Young People

This concept of distinctiveness was a narrative that did not appear in the frame analysis, with the grey literature failing to determine any underlying ideological thread for VS engagement in SIBs. One explanation for the omission is that this is a manifestation of the wider VS struggle to find a coherent identity with so much diversity in organisational forms, charitable missions, operating environment and funding strategies (Knutsen, 2012, Brandsen, van de Donk and Putters, 2015). But as the Q Method and focus group data demonstrated, participants felt strongly that, regardless of organisational differences, the VS was distinct in relation to private and state sector organisations. The sense that the VS was the ‘*real people*’ links to the Billis and Glennesters (1998) argument about the VS comparative advantage over other sectors, with the VS’s ambiguity leading to organisations that are flexible, better at understanding user needs, innovative and sensitive to the communities they serve.

The VS distinctiveness perspective was not only about distinction in comparison to the state and private sector but also local versus national VS distinction. Participants frequently used

language that referred to the group as a collective, with phrases such as '*all of us on this call*' or '*our organisations...*' This collective distinction was especially present when outlining the perceived differences between their own local organisations compared to larger VS organisations. This perspective mirrors Dayson, et al. (2022) findings in their study on the distinction of smaller voluntary organisations providing welfare services, where smaller VS distinctions come from their embeddedness within the local community (working at grassroots), ability to make decisions quickly (adaptability) and staff that operated with a familial and care centred ethic (motivation).

Macmillan (2013) views distinction arguments as a tool for strategic positioning and highlights that these strategies also operate internally to the sector, as well as externally. By collectively positioning themselves as distinct due to their VS status, size and local focus, participants could be viewed as legitimising their organisational role within Sheffield's VS. However, this legitimisation does not extend to their position within the development of a local SIB market, with the Q Method's neutral score on SIBs and focus group discussions highlighting that the local VS leaders in this study felt SIBs were not for them but for larger VS organisations.

It would be easy to presume that the reported continual shifting of boundaries around the VS status and a shift towards privatisation of welfare services to make gains in professionalisation, legitimacy and resources (Milbourne and Cushman, 2015) would have led to the local VS being primed for a SIB market. Golka (2019) outlines that actors' field environments are institutionally structured and cooperation between actors is central for a financialisation process, such as the development of a SIB market, to take place. On the surface, the SIB grey literature presents a narrative that SIB markets are closely aligned with local VS organisations, as a route to embeddedness within local communities. Through an institutional lens, however, the absence of any recognition of VS distinctiveness, particularly of smaller voluntary organisations as found in Dayson, et al's. study (2022), has led to VS leaders struggling to identify a role and sufficient interest for their own organisation in the development of SIBs.

At local level VS distinctiveness appears to be working in opposition to a financialisation process, reinforcing local institutional VS rules and leading to local VS organisations exercising

some form of agency by opting out of the SIB market. At the macro national level, the coming together of the market and state logic to drive the SIB agenda is working in opposition of established meso-level VS belief systems and practices. One of the central arguments for investor involvement in SIBs is their expertise in bringing a technocratic approach to better-quality social outcomes. In contrast, SIB VS narratives portray organisations which need to make changes to their behaviour and practices to be able to deliver better-quality social outcomes. This narrative suggests that in order to be legitimate players in the SIB market, the VS needs to stop operating in a way that makes it a distinct institutional alternative and align more to private sector practices. However, changing behaviours to align with private sector practices does not always achieve the desired effect, as highlighted in the literature review around the challenges in the reforms to the UK probation services (Walker and Lawson, 2018). Rees, Taylor and Damm (2013) found similar challenges in their exploration of the experience of different sector providers in the UK Work Programme. They concluded that achievement of quality social outcomes were not so much aligned to a delivery organisation's sector but rather the positioning of the organisation within the programmes supply chain. This would suggest that rather than being predetermined by the institutional logics of an organisation's given sector, the ability to achieve successful outcomes is heavily influenced by positions of power and organisational agency within the social care programme.

7.5 Factor 2: Voluntary Failure

The justification for VS behaviour change found in the SIB grey literature aligns with Salamon's (1987) theory of 'Voluntary failure', where he outlines that VS distinction arguments largely serve to present a more positive perception of the VS, whereas these distinctions can result in institutional disadvantages. The main point of Salamon's theory is that stronger relationships with government could help the VS to alleviate its inherent weaknesses, which he characterises under four broad areas:

1. philanthropic insufficiency
2. philanthropic particularism
3. philanthropic paternalism
4. philanthropic amateurism

In the focus groups, participants acknowledged that the VS as an institutional alternative to the private sector or state did provide challenges specific to the sector.

The Q Sort, Factor 2 perspective reflected these challenges but mainly focused on the challenges of funding and resourcing VS activity. Statements 1 and 11 scored highly in the composite Q Sort, along with statements about the VS getting better at measuring and evidencing social outcomes (7 and 8).

Table 7.3 Composite Q sort for Factor 2

-2	-1	0	1	2
S15. The VS has a significant say in its role with government	S10. Financial incentives for the VS lead to better social outcome delivery	S20. Some social causes attract more wealthy supporters than others	S9. Partnerships with local/national Government provide opportunities for VS organisations	S1. Being reliant on grants and donations is unsustainable
S22. The VS exists due to the failures of the state and private sectors	S4. Social Impact Bonds (SIBs) provide opportunities for VS organisations	S13. The VS struggles to attract professional personnel in comparison to statutory and private sector organisations	S8. The VS could learn a lot about measuring social outcomes from the private sector	S2. Being innovative is a key strength of the VS
S21. Growth and 'scaling-up' are important parts of VS strategy	S12. VS activity can be paternalistic	S17. Being flexible is a key strength of the VS	S5. Providing value for money is a key strength of the VS	S11. Lack of resources is a significant challenge for the VS
	S6. Social problems are too costly for the state to fully respond to	S19. VS organisations should become more 'business like'	S7. Evidencing social impact is a priority for VS organisations	
	S18. Social finance tools, such as SIBs, are predominantly about providing alternative funding to the VS	S16. Tailoring services to people's needs is a key strength of the VS	S14. There is too much replication of VS organisations	
		S3. Social enterprises are part of the VS		

1. Philanthropic amateurism

Part of the legitimisation of private sector involvement as the experts on social outcome development in SIBs is as a response to a perceived lack of a professional workforce in the VS. Salamon (1987) labels this as a perception of *Philanthropic Amateurism*. This view was represented by S13 in the Q Sort, which scored as neutral (middle 0 column) in Factor 2. However, in the focus groups this view caused a strong reaction from participants, where they felt this was an externally imposed perception and part of a political ideology of business over charity.

“The word I hear a lot from those not in the know is ‘amateurs’ - the opposite to professional is amateurs and there's no way the work that we all do could be classed as amateurish.”

F3: CEO, Local Area Anchor

“There is such huge politics around it and the politics in this Government, even in the previous one, gets smoothed by that semi so-called professionalism of the corporate sector over the charity sector and if that gets played out then sort of alarm bells go off in my head.”

F4: Chair, Mental Health

“In lots of contexts, if you say you're a charity, it's almost like a dirty word. It's like basically what you're saying is you're a bit shit.”

F4: CEO, Horticulture

Although Factor 1 perspective identified that one of the positive distinctions of the sector is staff altruism and accepting lower pay for a more fulfilling role, the Voluntary Failure perspective outlines that this also brought with it challenges around the perception of amateurism within the VS workforce. This was described by participants as coming on multiple fronts from donors, the wider public, grant makers to statutory commissioners. The more traditional view was of a sector entirely run by well-meaning volunteers and that every donation should fully be spent on front-line activity. This is balanced against a more modern public perception of a sector filled with large, national charities that have significant

marketing budgets, able to run large-scale fundraising campaigns. Grant providers and commissioners were seen to be focussed on the evidence of organisational professionalism and quality to obtain funding.

“We've got one point saying, 'you're not professional enough' and another side saying 'you're too professional, where are the volunteers?'. So, I think the way we have moved on has not always necessarily been appreciated and understood by those people who have still got a very traditional view of charity.”

F1: CEO, Young People

“I think sometimes that is what people think: the charity sector with some organic knitted flapjacks, floating around in charities....There is that relentless judgment on charities - fat cat CEO's? Yeah, chance would be a fine thing, wouldn't it? You know the stuff around Kids Company that we're not governed properly. This stuff that all the money should go to the beneficiaries, not understanding that actually you need some people in there to be doing some stuff, you can't just run with volunteers.”

F4: CEO, Women

Focus group participants described a real lack of respect from statutory partners to the extent that some commissioners gave the impression that VS organisations should feel lucky to get funding or even have a seat at the table.

“We are in the midst of a couple of funds at the moment that have come out very quickly and I think that some of the ways in which the charity sector has been dealt with in those funds has been really disrespectful. It's like, where's the conversation been?...Oh, you've changed your mind. Oh great. So all that work we put in is no longer of interest to you. Like you know there's just this total lack of respect. And a lack of understanding of the skills that we hold as a sector.”

F4: CEO, Horticulture

Not all participants felt the amateur status was to the sector's detriment though, particularly in terms of engaging with the communities they are trying to serve. This quote from the

Deputy CEO of a Young People's charity uses the concept of a 'lanyard' as a reflection of the fact that working at the grassroots means VS organisations need to be seen as being a part of the communities they are supporting.

"I actually quite like the fact that sometimes I feel like 'oh, I'm not too professional'. I think that that's more open to showing the human side and you can connect with people better. There was a taxi driver, I always remember, a couple of years ago, that was saying to me, 'oh all the lanyards these days' and he was saying he feels like he's not part of society because he doesn't have a lanyard and that's his way now of categorizing class: students have lanyards, people that work for the council have lanyards... And actually I'm a non-lanyard!"

F4: Deputy CEO, Young People

2. Philanthropic Insufficiency

Most of the SIB literature featured analysis on the motivations of why investors and the state would want to be a part of the SIB market. Motivations for VS involvement was identified as having access to new funding. Salamon describes *philanthropic insufficiency* as VS limitations on "its ability to generate an adequate level of resources" (1987, p.42) sustainably and at a sufficient scale. In the Q Sort S11 consistently scored highly across all three of the factor perspectives, with all participants agreeing that a lack of resources was the main challenge for the VS.

Both the SIB literature and focus group discussions identified that one of the advantages of SIBs was the potential to make available a regular and reliable source of funding for VS providers. Promoted as a new income stream, SIBs could therefore respond to the VS' constant challenge of seeking enough resources to deliver the quality and scale of services required for beneficiaries. Participants in the focus group tended to agree that a diverse funding strategy was required that combined different funding streams to reduce the risk of overreliance on one funder.

“There are so many charities that have folded over the years despite doing amazing work - you know from producing really good evidence - because the funding stream came to an end and they couldn't find a replacement for it.”

F3: CEO, Young People

“We are more vulnerable because our money doesn't come from the people we service, it comes from people who have another third option. We're not in a direct service relationship and that makes us more vulnerable to political and donor funding interests in a way that the corporate sector isn't. And to a certain extent, the statutory sector.”

F4: Chair, Mental Health

The SIB narrative that the VS needs to change is not only about the push towards charitable trading and business-practices but also ties in with a rhetoric of the sector's over-reliance on grants and donations as a main revenue stream. Where the Factor perspective differed was around how and where funding should be sought. S1 referred to overreliance on grants and donations, which was identified as a compromise statement in the Q Sort where perspectives ranked the statement very differently. The Voluntary Failure perspective ranked this statement the highest, thus in full agreement that grants and donations as an income source were unsustainable. Participants talked about moving away from grant income to a more social-business income model. However, in the discussions, all participants admitted that grants have been a regular and important source of income for their organisations, particularly at crisis points either internal to the organisation or because of outside forces, such as the Covid-19 pandemic.

“I think we've benefited hugely from grants, although we no longer rely upon them at all. But we benefited from it because it was a number of things, it was a statement of trust, it was an investment upfront and it gave us, at various points, important stability.”

F3: CEO, Young People

“We trade and we lost quarter of a million last year [due to lockdowns as a result of the Covid 19 pandemic] and we had to make it up by applying for grants. We survived because we accessed grants and one was around loss of income and then I think we got a lottery grant to help keep the core services going.”

F3: CEO, Local Area Anchor

3. Philanthropic Paternalism

Salamon’s (1987) *Philanthropic paternalism* extends the theme of funding and resourcing VS activity. But where ‘*insufficiency*’ relates to the size and sustainability of available funding, ‘*paternalism*’ focuses on where the VS receives its resources and how much influence those in command of these resources can wield on the end beneficiaries. Represented by S12 in the Q Sort, the Voluntary Failure perspective ranked paternalism as relatively low in the VS. During the discussions participants reflected on trying to balance organisational needs, such as being viewed as professional and bringing in resources to keep services running, whilst ensuring that serving beneficiary needs is maintained as the primary focus.

“Occasionally we can be paternalistic and we think we know better than the beneficiaries themselves because we like the power to speak on their behalf.”

F4: Chair, Mental Health

“I think sometimes there's that thing about do we do something that's really short term? Because actually you're almost setting up something as a response, and we do this all the time, and then things stop and actually it's like does that make it worse or not. Or we carry on doing it and squish it into something that isn't actually really sustainable.”

F2: CEO, Disability

Overall, participants felt that any VS paternalism was linked to where the sector received its funding. But rather than the wealthy donors or private charitable trusts that Salamon (1987) referred to in his voluntary failure theory, Factor 2’s Voluntary Failure perspective linked this with funding received from the state.

“We filled up too much of the gap and we have become as paternalistic as some of the statutory organizations.”

F5: CEO, Substance Misuse

“Duplication and paternalism - I’m not really sure that the Government is in a better place than we are on those fronts. It looks a little different, but I’m not sure that necessarily we desperately need them to help us sort those things out.”

F4: CEO, Horticulture

4. Philanthropic Particularism

Salamon’s (1987) VS ‘*particularism*’ relates back to Factor 1’s Distinctiveness Argument.

Focusing on and specialising in support for particular populations is seen as a main strength of the VS. However, Salamon argues that this can lead to gaps in support for some subgroups or wasteful duplication of services where they are not needed. Factor 2’s perspective appeared to agree with Salamon, with S14 that focused on too much VS replication scoring on the higher end of the scale. However, focus group discussions did not back-up this statement and participants felt that a choice of service and plenty of people needing support justified the number of organisations working towards the same charitable mission.

“I think that there's an argument about duplication that I think, particularly for minoritized communities, if we slavishly follow this notion of duplication, then exclusion is compounded. Look at our organization and some of the stuff that we do. Other organisations do very similar things, but the fact that it's led by people who look like us and have a shared experience has a value. And it's not duplication, it's variety. It's about acknowledging the specific inclusivity needs of particular communities.”

F2: CEO, Race Equality

“Commissioners maybe just want to deal with one contract, which you know, I understand the attractiveness from their point of view. But actually, where's the choice for people?”

F4: CEO, Women

“I don't think I've seen less people come through our door because so and so's doing something similar. You know, where there is disadvantage, there is disadvantage, and there are people there that need to be served.”

F1: CEO, Social equality

Where participants did feel there was duplication this was from a strategic, organisational perspective of having to compete for positioning and funding, rather than based on the level of beneficiary needs.

“We can be quite backstabbing though. You get quite defensive of your patch and what you do and stuff like that.”

F1: CEO, Young People

“I'd think there is duplication. Partly because we haven't got enough resources to kind of grow.”

F4: Chair, Mental Health

The Voluntary Failure perspective identified that elements of Salamon's Voluntary Failure theory do exist for today's VS. But focus group participants felt that challenges around generating resources (*philanthropic insufficiency*) meant the sector lacks economic weight, which has led to externally imposed perceptions of *amateurism*, *paternalism* and *particularism*. Salamon sees the VS not as entirely independent from the state but as a feasible form for third-party governance (Boettke and Prychitko, 2003). Participants in the focus group could see the value in developing closer partnerships with Government but that currently these partnerships held inherent power imbalances, with the VS lacking agency in how relationships with state functioned. It is worth remembering that Salamon's original theory was developed back in 1987, before the huge drive in the UK to outsourcing from state to the VS (Milbourne and Cushman, 2015). The shift from funding provided through grant mechanisms to the implementation of service delivery contracts has marked a transition in state assumptions: of trust in VS organisations to deliver their own priorities to one that sees VS organisations as a means of delivering government priorities (McGovern, 2016).

The growth of social investment and funding tools such as SIBs are a potential way that VS organisations can respond to *philanthropic insufficiency* by developing strategies for longer-term survival through pooling charitable, private and public sector resources (Jones et al. 2016). In fact, Salamon himself seems to have caught the social investment bug. In his 2014 book 'Leverage for Good: an introduction to the new frontiers of philanthropy and social investment', he describes social investment as a 'Big Bang' for philanthropy "similar in kind, if not exact form, to the one thought to have produced the planets and stars of our solar system" (p.25).

SIBs may offer some form of sustainable and scalable income for VS organisations involved in their delivery but do they offer much else in terms of responding to other Voluntary Failures, externally perceived or otherwise? The opportunity to bring a more technocratic process to measuring charitable impact through an "*investor-centred*" (Salamon, 2014, p.119) approach to performance measures brings the VS' perceived 'amateur' status more in line with the 'professional' business world. But according to Salamon (2014) in order for this new approach to health and social objectives to succeed, VS leaders need to shift focus from developing a team of staff motivated by altruism and values to one that can understand and interpret financial performance mechanisms: "The entities involved in social-purpose activities are typically non-profit organisations, small-scale mom-and-pop enterprises, faith-based charities, cooperatives, mutual societies and courageous individual social entrepreneurs. Few are schooled in the basics of finance" (Salamon, 2014, p122).

In the SIB grey literature, the benefits of SIBs for the end beneficiary are presented as support that is delivered in an individualistic way through a choice of intervention and/or provider. The market logic sees beneficiaries as 'consumers' of services with SIBs providing a marketplace that increases their choice. To achieve this, a variety of VS providers are needed to compete for access to the SIB marketplace. This consumer choice could go some way in minimalizing paternalistic institutional disadvantage. Salamon related *Philanthropic Paternalism* (1987) to the influence and power held by private donors or charitable trusts on where and for whom they choose to give their money. Paternalism in VS activity was described by focus group participants as driven by the state through commissioner choices and close contract monitoring requirements. Thus, paternalistic tendencies from the

perspective of focus group participants are more to do with the roots of VS funding than with VS activity, from private donors/charitable trusts to state departments. Private investors in the SIB market exhort similar paternalistic tendencies through the power and influence in where they make their investments, and which causes derive the most dividends.

New Public Management outsourcing of state services to the VS was underpinned by the belief that VS organisations were less bureaucratic and more cost effective than both the private and public sector (Milbourne and Cushman, 2015). The status of the VS and its associated distinctiveness “seen as their closeness to beneficiaries with specialist needs, flexibility and ability to innovate whilst maintaining a values base and sense of mission to permeate their work” (Rees and Mullins, 2016, p.10.) appears to be viewed more as an institutional disadvantage in the SIB arena. VS organisations need to decide whether they comply with abandoning elements of their perceived distinctiveness to reduce some of these institutional disadvantages to access funding. It appears that in terms of the Sheffield market for SIBs, this is a step too far.

7.6 Factor 3: Cognitive Dissonance

Curley, et al. (2021) outline that the contradictory pulls on the VS- maintaining sector distinctiveness whilst reducing philanthropic insufficiency- creates a strategic dilemma for VS leaders. VS’ distinctiveness arguments and presumed drive for public good means VS organisations are expected to behave in a particular way. This behaviour encompasses how VS organisations serve their beneficiaries but also includes how they seek and use their finances, regulated through standards such as the Code on Fundraising Practice (Fundraising Regulator, 2019) and Charity SORP (Charity Commission, 2015). Unlike the private sector, the VS is not viewed as a competitive marketplace where organisations are vying for strategic position, but a sector where organisations should partner and collaborate with each other for the greater good. Collaboration as a normative action is strengthened through mandatory requirements in statutory funding contracts, with VS organisations monitored by contract managers on how connected they are across health and social care pathways via partnerships with other VS organisations, the NHS and other statutory departments operating in the same area. But, Government commissioning regimes, scarcity of resources and cuts to public expenditure has

created a funding environment where VS organisations are actively competing with each other to gain access to Government funding (Benson, 2015). Curley, et al. (2021) believe this tension: whether to collaborate or compete for resources, is causing cognitive dissonance, with VS leaders struggling to balance the two conflicting ideas.

In the Q sort, Factor 3 perspective appeared to be a manifestation of the conflicting expectations on the sector between Factor 1's VS Distinctiveness perspective and Factor 2's Voluntary Failure perspective. Like Factor 1, distinctiveness statements that depicted the VS' key strengths (S2, S5, S16, S17) featured highly on the scale, and statements that overtly depicted a private sector logic (S8, S10, S19, S21) were low on the scale. From the Cognitive Dissonance perspective, the relationship with the state was not a straight-forward relationship and this was the only perspective that felt that the VS existed due to the failures of the state and private sector (S22).

Table 7.4 Composite Q sort for Factor 3

-2	-1	0	1	2
S13. The VS struggles to attract professional personnel in comparison to statutory and private sector organisations	S4. Social Impact Bonds (SIBs) provide opportunities for VS organisations	S7. Evidencing social impact is a priority for VS organisations	S17. Being flexible is a key strength of the VS	S2. Being innovative is a key strength of the VS
S10. Financial incentives for the VS lead to better social outcome delivery	S21. Growth and 'scaling-up' are important parts of VS strategy	S20. Some social causes attract more wealthy supporters than others	S5. Providing value for money is a key strength of the VS	S16. Tailoring services to people's needs is a key strength of the VS
S15. The VCS has a significant say in its role with government	S8. The VS could learn a lot about measuring social outcomes from the private sector	S9. Partnerships with local/national government provide opportunities for VS organisations	S22. The VS exists due to the failures of the state and private sectors	S11. Lack of resources is a significant challenge for the VS
	S19. VS organisations should become more 'business like'	S18. Social finance tools, such as SIBs, are predominantly about providing alternative funding to the VS	S1. Being reliant on grants and donations is unsustainable for VS organisations	
	S6. Social problems are too costly for the state to fully respond to	S12. VS activity can be paternalistic	S3. Social enterprises are part of the VS	
		S14. There is too much replication of VS organisations		

In the focus groups, the strategic dilemma for VS leaders around whether the sector was a collaborator or competitor, was highlighted by participants that felt they had to present their organisation as different things to the external world, depending on who they are talking to. There was a sense that charities, (partly due to the 'not-for-profit' label) had to justify their existence much more than private businesses do, particularly in relation to VS motivation, structure, and income strategies, rather than simply their charitable mission.

"I get asked what we are quite regularly and I always say it depends on who I'm talking to. I have called us a social enterprise because we've got trading arms and my goodness, I run them commercially. I want every penny out of it because every penny

goes back into the community in one way or another. And then to other people, I just say we're a charity because we are. We've got a charitable number and we're also a company limited by guarantee."

F3: CEO, Local Area Anchor

The duality of registered charity status and company limited status was seen as a manifestation of how VS organisations have competing identities. These identities closely aligned to where and how organisations sought their funding. A Deputy CEO of a Mental Health charity described this duality as *"trying to get your square peg in a round hole"* when determining how to represent your organisation to different types of funders.

"It's the eternal battle really. We do outputs, we do outcomes. And it's always dictated by who is going to give you some money, so you can prove how good you are. It's kind of a bit ugly really."

F3: CEO, Homelessness

Overall, the more traditional funders were viewed as complicit in the distinctiveness argument of the VS, with equitable relationships between VS organisations and individual grant providers/foundations. However, participants had observed a change in language from these traditional VS funders; a change that mirrored the language used in the social investment market. Rather than the financially dominated language of Social Impact Bonds, funders are focusing more on 'social impact', with one participant outlining:

"They don't call it a grant, they call it an investment in us, and actually, there's a kind of language in that that's slightly different because they don't expect us to report on it, but they are interested in what the impact is we're having and how we create and how we relate that impact. But we don't have to report how every single penny is spent."

F1: CEO, Young People

A common theme throughout the focus group discussions was the VS positioning and relationship with the state. Across all Q Sort factor perspectives *"the VCS has a significant say in its role with Government (S15)* was a consensus point, scoring consistently low. The

Cognitive Dissonance perspective identified the VS as a form of replacement for the role of the state (S22) but that this was not due to the increasing costs of social problems (S6).

“Would we not want a charity sector or voluntary sector if the state or statutory services were better resourced, were better funded, provided a better service, and my answer in principle would be, I still believe it is a) not realistic, and b) you would still have a charity sector because there will always be causes and issues.”

F4: Chair, Mental health

The significance in the focus groups placed on the relationship between the VS and statutory services was unsurprising considering the expansion over previous decades of the VS as delivery providers for the state through service contracts. Over 90% of focus group participants were from organisations that received funding from the local authority, largely through contracted out services.

“We are 90% reliant upon statutory funding, we've tried to really shift from being a charity funded by statutory funding through and through. I'm constantly having to kind of push back against any position of conditions and stuff, because that's not who we are.”

F3: CEO, Young People

The contentious relationship with the state was particularly seen as one where VS organisations were having to compromise on their values to access funding for their services.

“If you look at the new managerialism approach to substance use and public health outcome frameworks, we've gone from a 'get them into treatment, keep them in treatment' to 'get them out, keep them out'. Our incentives are about getting people out of treatment and keeping them out and drug related deaths are higher now than they have ever been in the entire history of drug related deaths.”

F5: CEO, Substance Misuse

Similar to how the VS' role is depicted in the SIB grey literature, participants described a very top-down process where funding priorities and social policy decisions are set separate to VS input, with VS organisations being brought in at the delivery stage.

"I actually blame them [Government] for the problems that we're actually trying to solve, and they don't listen to us, they really do not listen to us. It's not too costly, because people's lives are being ruined by them."

F3: CEO, Local Area Anchor

In contrast to the sector's relationship with the state, and somewhat unexpectedly following previous discussions between participants highlighting concerns regarding investor motivations in SIBs, participants saw a real potential with working alongside the private sector and the bringing together of the strengths of both VS and private sector ways of doing things.

"I strongly believe that the third sector and businesses should be working very closely and understanding each other. If this happened, then we will see more outcomes on the ground."

F4: CEO, Race equality

However, this optimism was cautious as participants did not believe that the model of a SIB was the best way to untap the potential of bringing sectors together. There were still concerns around power dynamics and an ongoing lack of trust. The narrative of VS organisations operating more like businesses made some participants frustrated.

"You know people invest in things just directly. You know it doesn't have to go through a bond or through a third organization and philanthropic type of stuff."

F4: CEO, Mental Health

"It makes the assumption, doesn't it, that businesses are fantastic, and we should follow them. Whereas actually, businesses are folding all the time. To me, the businesses that feel sustainable often have a lot of heart or a lot of character that people want to support and invest their time or their energy in."

F4: Deputy CEO, Young people

The close technical monitoring of SIBs feeds into the wider narrative of a lack of trust in the VS sector to know what they are doing in terms of delivering social outcomes. The pitching of investors as holding the key to delivering ‘real’ impact through their ability to quantify and monitor social outcomes inevitably reduces the VS status from one of experts into simple deliverers. The private sector can appear to be brought in to sort out the ‘failure’ of VS organisations who were unable to fix costly social problems. This inevitably reduces the status and agency of VS organisations, including them in SIBs primarily due to their connections and access to the communities they serve.

“I'd like to be trusted. I would like a funder to say ‘you know how to make these lives better, here's the funds, go and do that.’”

F3: CEO, Race equality

To regain some sense of independence, many of the participant’s organisations had turned to charitable trading as an additional funding stream.

“In the current fundraising climate, I think if you're not trading as a charity, then you're potentially missing a trick. Because I think it's really hard out there.”

F4: CEO, Horticulture

The SIB grey literature did not describe SIB providers as charities or VS organisations and instead used terms such as socially conscious businesses and social enterprise. Both Factor 1 and Factor 3 Q sort perspectives agreed that ‘Social Enterprises’ were very much seen as part of the VS (S3). When asked about this statement in the focus groups, participants said they viewed social enterprise as referring to charitable trading: an activity conducted by charities rather than activities of private businesses delivering ‘social good’. There were views that the drive for charitable trading was due to external forces and the push for the VS to be more business-like in its operations and funding strategies, causing confusion about what VS organisations were there to achieve.

“Does it look like we're more sustainable being a social enterprise? Is that what it is? That the name in it, people think it's linked to wealth and being more sustainable than just saying you're VCS. It's in the name.”

F1: CEO, Social equality

“We started social enterprises largely because they serve the purpose of the organization. They are a bloody nightmare in many ways to run and to manage. They are a whole different level, whole different agenda and if you're doing that in order to run your charity, I just really fear that your charity becomes warped around that business agenda rather than what it's really about.”

F5: CEO, Homelessness

Central to Curley, et al's. (2021) study on the VS and cognitive dissonance is the idea that VS leaders “disassociate with competition as an organisation's operating strategy, despite being actively faced with competition.” (p.2). When asked in the focus groups about competition within the VS, participants made some acknowledgement of its existence for the sector but positioned competition as an external drive either forced on their organisation or as a pursued strategy of other VS organisations, particularly larger charities.

“Two things, one is about the way that we're forced to compete, and whether that delivers value, and the other is what is value and what are our values. So, there's this assumption that we're all competing and you get one narrative that competing is a good thing because we get a better price, which is bullshit in my opinion. The other is this thing of you get economies of scale and I think that we don't deliver economies by scale in our sector at all.”

F2: CEO, Local area anchor

“The outsourcing organisations are all sucking up a lot of the services. The voluntary sector has been sucked into that. I think that's where I think some of those 'business-like' corporate type charities move or those larger organizations do that. But then the backlash, of course - what does that look like from the general public point of view?”

F4: CEO, Mental Health

The Cognitive Dissonance perspective played out the tricky alignment VS leaders grapple with in terms of how the VS internally views itself and its own distinctiveness, versus how the external world, particularly the funding world, influences the position of the VS. Since the 1990's the VS has seen a rapidly changing operating environment prompted by key changes in Government policy (Rees and Mullins, 2016). To some extent, collaboration between VS organisations has been undermined by formal competitive funding processes (Benson, 2015). In particular, statutory funding made available to the VS delivered via commissioning and procurement regimes has significantly affected the process of gaining charitable funding, based largely on private sector practices. The scale of funding means many charities are operating under considerable pressure to meet Government's policy agenda (Mitchel and Moody, 2000), including encouragement to be more entrepreneurial and engage in market structures (Huckfield, 2021). More recently, following the 2008 global financial crisis, the field of 'social investment' has grown rapidly (Nicolls, 2010) and with that, the influence of financial organisations into the field of the VS. Factor 3 perspective played out how far VS leaders bought into the state's rhetoric of who and what the VS should be, and how much the players within the financial system are influencing this.

The focus group discussions identified that VS leaders were conscious of the careful line they needed to tread between retaining their core values and grassroots connections (distinctiveness), whilst obtaining funding to deliver their activities (Philanthropic insufficiency). The concept of 'competition' rested uneasy as an overt practice for the local VS leaders. As Curley, et.al outline, "Practitioners' understanding of collaboration and competition are embedded in the perception that collaboration is normatively good, and competition is a reality of circumstances yet not an aspiration." (2021, p.14). But the pursuit of charitable trading was identified through the Q method and focus groups as a key funding strategy for local VS leaders. On the one hand VS leaders saw trading as an opportunity to retain some form of independence away from the influences of funders and commissioners. But on the other hand, the very nature of trading was co-opting private business practices, regardless of whether the 'profits' were put back into charitable activities.

It is not only the logics of market that were viewed as a threat to maintaining the VS' values base. The statutory contracting environment has brought an increasingly bureaucratic

approach to the VS with the introduction of technocratic requirements on reporting charitable outcomes and drive for efficiencies in charitable activity, seen by some as coercion into the logics of state (Rees and Mullins, 2016). Focus group participants felt there was contention between what outcomes state actors wanted measured in order to drive their policy agendas, and what VS organisations felt their primary objective was. A key example of this was highlighted by the CEO of the substance misuse organisation who described being performance managed on how many people they could keep out of addiction treatment to reduce state deficits, with an unintended consequence being the rise in drug related deaths. Di Maggio and Powell (1983) view this as a process of isomorphism where organisations display approved characteristics and conform to dominant, state-driven logics to gain legitimacy into an organisational field.

Milbourne and Cushman (2015) identify that VS leaders are operating with an element of agency when resisting the pressure to conform to external institutional logics of state and private sector. Knutsen's (2012) study looking at the influence of external institutional logics on nonprofit organisations (NPOs) conceptualised a new institutional logic phenomenon- "adapted institutional logics", where NPOs embody a wide range of logics linked to the different streams of funding, like in the case of charitable trading. VS leaders in the focus group identified this adaption by emphasising different elements of their operating strategies depending on the audience they were pitching to. This resonates with Coule and Patmore's findings that "non-profit actors draw upon the competing institutional logic available to them to frame and service their maintenance and transformation-driven interests." (2013, p.989.). In fact, Brandsen, van de Donk and Putters (2015) would argue that the VS (referred to in their study as the 'Third Sector') should not even be conceptualised as a domain in its own right, but as a 'hybrid domain' made up of market, state and community domains.

7.7 Conclusion

It would appear from the Q Sort perspectives and focus group discussions that on the surface Social Impact Bonds are having little influence on the activity of Sheffield's VS. There was a distinct lack of engagement, understanding and interest in the SIB agenda from participants. However, the introduction of SIBs, their dominant institutional logics and the associated

discourses found in the grey literature clearly resonated with the VS leaders in terms of an ideological shift in the position of the sector and how it was externally viewed. SIBs are a very clear manifestation of where macro-level perspectives from state and market players are influencing the meso-level operating environment of the VS. This is twofold: on the mechanisms of how money is provided to the VS, and how VS activities for beneficiaries is structured, measured and valued. These influences were causing tensions for VS leaders, as they were seen as a threat to presumed VS established belief systems and practices, with state and market players trying to further shape and mould the sector into operating within a market and delivering state priorities. VS leaders felt that state and market institutional logics were being imposed and were trying to exert some form of agency through either pushing back against them or framing their activity in a way that appeased different audiences. However, with ongoing challenges around generating sustainable resources and without established institutional rules of their own, externally imposed perceptions of *voluntary failure* means the sector lacks economic weight and has often been reactionary to the whims of state funding policies.

Chapter 8: Institutional Logics of SIBs and the Local VS at Micro-Level

8.1 Introduction

This chapter continues the focus on the city of Sheffield as a case study. Where chapter 7 identified that local VS leaders from the focus groups have opted out of the SIB marketplace, the VS leaders had little experience of SIBs in practice and therefore findings were limited in providing any insights into the motivations for VS actors in engaging in the SIB agenda or into coordination problems at a micro-level. Chapter 8's case study therefore focuses on a Sheffield SIB that, despite significant time in development, failed to launch. Through focused interviews with members of a local SIB provider partnership, this chapter explores the micro-level perspective of individual actors and their interaction with each other, to understand motivations for engagement and ultimately why this SIB failed to launch despite years in development. This chapter aims to understand why some VS organisations are engaging in the SIB agenda and whether the VS actors involved are reconceptualising the institutional logics behind SIBs to exert organisational agency. In doing so, it further investigates central research question two: how institutional logics of SIBs affect the VS's collective identity, and central research question three: how VS actors rationalise the institutional logics of the SIB agenda at local operation level.

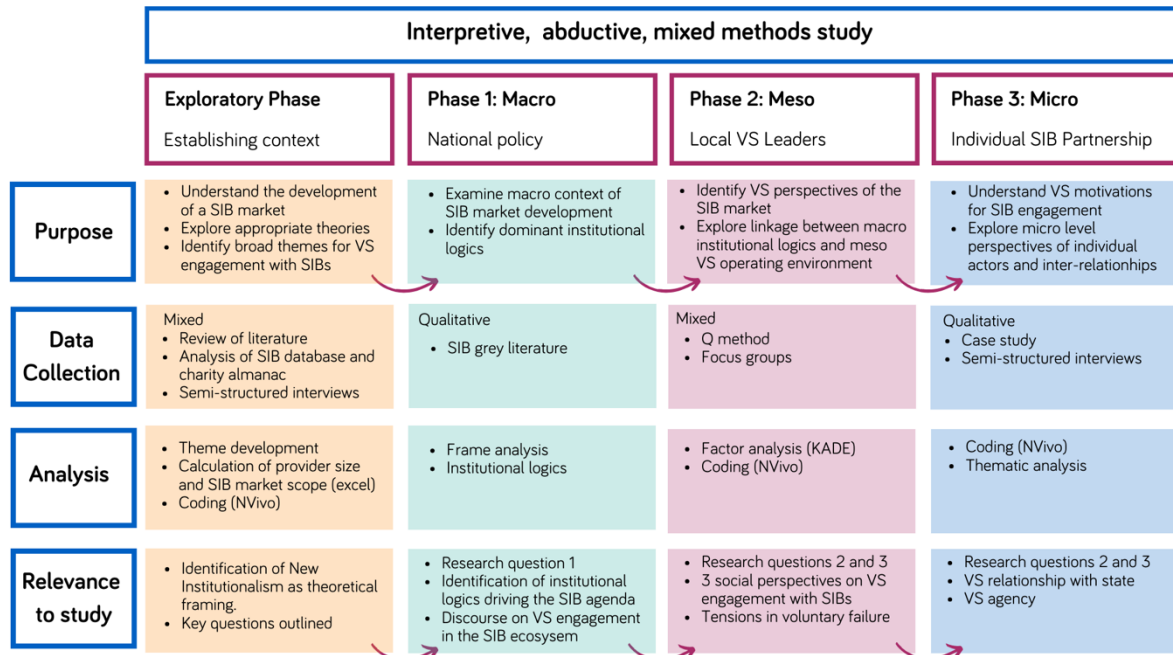
Chapter 8 will also draw on discussions from the initial exploratory interviews (explored in Chapter 3) to make comparisons between the experiences of interviewees in the featured Sheffield case (labelled in this chapter as *SIB1*) and VS leaders who have successfully launched SIBs. Two exploratory interviews have been selected for this chapter as they feature:

- The first and only successfully launched SIB from the Sheffield Life Chances Fund. The VS leader interviewed was the lead provider from a large Housing Association. To distinguish this SIB from others discussed, it is labelled *SIB2*.
- A SIB successfully launched in a different city, that was conceptualised by a VS organisation rather than state commissioner. The VS leader interviewed is from a regional charity. To distinguish this SIB from the others discussed, it is labelled *SIB3*.

Ronicle, et al's. (2017) LOUD model is used throughout chapter 8 to underpin the analysis of the reasons for the failure of the Sheffield SIB. The LOUD model was developed through

research on 25 SIBs, where five were launched and 20 failed to launch. ‘LOUD’ is an acronym for four factors that Ronicle, et al. (2017) identified determined whether a SIB is likely to launch: collective Leadership, clear Outcomes, shared Understanding and Data.

8.2 Chapter outline and research approach



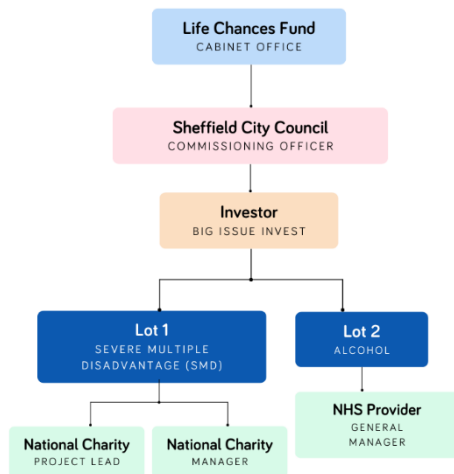
This chapter represents phase 3 of the research design. A more in-depth outline of the epistemological decisions that have been made about the research approach considering methods, validity, limitations and scope can be found in Chapter 5 Research Design and Methods. The following section provides a condensed overview of the methodology.

Sheffield as a case study

SIB1 under investigation for this case study was the second planned Life Chances Fund SIB for Sheffield City Council (see figure 8.1) that targeted two inter-sectioned cohorts into one SIB: people experiencing severe multiple disadvantage (Lot 1: SMD) and people attending hospital for an emergency alcohol detox (lot 2: Alcohol). Interviews were conducted with key agents from the three providers: two VS organisations and one NHS organisation, along with the local

authority commissioner. The VS leaders interviewed were representing national charities, allowing the opportunity to explore the views found in chapter 7, that SIBs are more suited to larger charities whose corporate practices can seem more aligned to private companies.

Figure 8.1: Structure of SIB1



Focused interviews were conducted with the Project Lead and Project Manager from two VS organisations which were part of the provider partnership for the intended SIB1. For broader understanding of the context of the SIB failure, focused interviews were also conducted with a General Manager from an NHS organisation which completed the provider partnership and with a local authority officer responsible for the commissioning of SIB1.

Focused Interviews

The focused interviews were an opportunity to develop a fuller understanding of the micro-level perspectives of VS leaders around SIB development. The interviews focused on the motivations of individual VS agents and their interaction with the other partners for one of the proposed Life Chances SIBs. Interview responses were treated as actively constructed narratives (Silverman, 2005) by each interviewee. This methodological decision felt appropriate to the aims of the study in that interviewees were reflecting on an event that happened two years prior and that analysis was focused on the interaction between the different SIB players. Ronicle, et al's. (2017) LOUD model was utilised to aid data analysis, with themes identified using Nvivo software.

Chapter structure

Before findings are presented, this chapter starts with an overview of *SIB1* to provide structure, timelines and context to the interviews. As in chapter 7, discussions are then interspersed with the findings throughout the chapter.

SIBs come in many various forms and therefore it is difficult to draw conclusions about SIBs in general from this chapter's findings based on the bespoke characteristics of a single SIB (Maier, Barbette and Godina, 2018). However, the triangulation of chapter 7 and 8 data and the methodological approach will provide a level of validity to the case study findings; though there are no claims of generalisation as this is a study focused on understanding the case in Sheffield.

This chapter also draws on my own experience as an insider researcher (Chavez, 2008), as I was part of a local VS consortium bid, in my role as a local VS Managing Director. The consortium bid was involved up to the Shortlisted Bidder stage (see figure 8.2) but was not selected as the preferred bidder. The insider researcher status provided me with access to all the commissioning documents up to the Shortlisted Bidder stage, along with an in-depth understanding of the timeline, context, process and partnership meetings. This knowledge has been drawn on to help shape the following *SIB1* overview section and supported the formation of the interview guide. It also provided opportunities to contextualise some of the empirical findings that would not have been available to a researcher who did not have this insider status.

8.3 SIB1 Overview

The Government's Life Chances fund was launched by the Department for Digital, Culture, Media and Sport (DCMS) in July 2016, closing in March 2025. The Cabinet Office's Life Chances Fund Guidance describes the fund's main purpose as:

“an £80m fund, which aims to help those people in society who face the most significant barriers to leading happy and productive lives. The £80m has been committed by central government to contribute to outcome payments for payments by

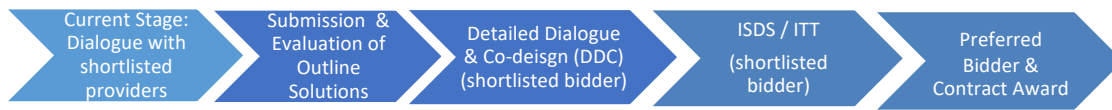
results (PbR) contracts which involve socially minded investors - i.e. towards Social Impact Bonds (SIBs). These contracts must be locally commissioned and aim to tackle complex social problems.”

Cabinet Office. (2016) Life Chances Fund Guidance Notes, p1

In May 2018, Sheffield was publicly announced as the recipient of the largest amount of Life Chances Funding, receiving £19,294,766 to develop five SIBs that would tackle a range of issues including mental health, alcohol addiction, homelessness, and youth unemployment (Office for Civil Society, 2018). However, Sheffield Local Authority discussions about the utilisation of SIBs as a funding mechanism had been taking place for a number of years prior to the Life Chances fund announcement. A 2016 presentation by the then Head of Policy for Sheffield City Council, identified social investment as the desired largest contributor to a local public service reform investment fund (Tuckett, March 2016, Innovative Financing of Public Service Reform). The first planned Sheffield Life Chances SIB (*SIB2*) titled ‘Promoting Independence’ was aimed at transitioning people from long-term 24/7 mental health accommodation into their own homes. This was presented to Local Cabinet Members for sign-off in March 2018 (Sheffield City Council, 2018) and went ‘live’ in May 2019 (see exploratory interviews in chapter 3).

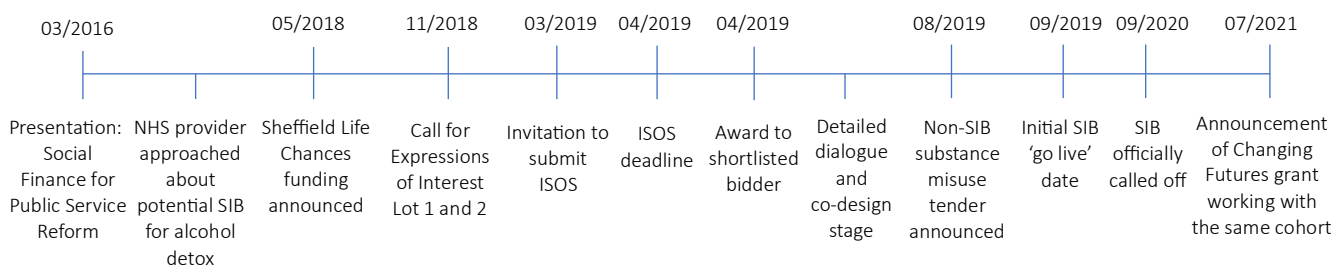
The second planned Sheffield Life Chances SIB is the focus of this chapter. *SIB1* was ‘commissioner-led’ (Good Finance) in that it was initiated by Sheffield City Council with delivery organisations invited to bid to deliver the contract and its associated outcomes. Initially commissioners invited potential providers to submit an Expression of Interest (EOI) for either Lot 1: SMD and/or Lot 2: Alcohol. Sheffield City Council received two EOI’s for Lot 1; a consortium bid incorporating five local VS providers (one being my own organisation) led by a local VS infrastructure organisation and a partnership bid consisting of two national providers that delivered services in Sheffield. Both bidders were shortlisted. Lot 2 received one EOI from the local NHS provider that already held and delivered the main substance misuse contract commissioned by Sheffield City Council. Figure 8.2 outlines the procurement process following the Expression of Interest Stage, taken from the tender documentation provided by Sheffield City Council for the Outline Solution Stage.

Figure 8.2: Procurement process



Sheffield City Council invited shortlisted providers to enter conversations about the details of their offer. At this point commissioners identified their preference to combine Lot 1 and Lot 2 into one single SIB with one investor due to cost efficiency savings (only paying interest on one investment rather than two). Bidders therefore needed to form a partnership with a bidder from the other ‘Lot’ to combine Lot 1 and 2 into a single SIB. The NHS provider was the only bidder for Lot 2 and following meetings with both Lot 1 bidders, chose to form a partnership with the bidders from two national providers to submit an Outline Solution. This was the bid that was shortlisted for the Detailed Dialogue and Co-design (DDC) stage and is the subject of the focused interviews (*SIB1*). Figure 8.1 gives an overview of the SIB model following the contract award, with interviews conducted with both national charities, the NHS provider and the Commissioning Officer. Figure 8.3 provides a timeline of the key stages in the lifespan of *SIB1*, identified through procurement documents, my own reflective diary and by interviewees.

Figure 8.3: SIB procurement timelines



8.4 Partner motivations

Chapter 7 identified a general lack of engagement and interest in SIBs at the meso-level of the Sheffield VS. However, VS leaders recognised the dominant institutional logics and associated discourses found in the SIB literature as influential to the local VS operating environment. The influence of state and market players was viewed by VS leaders as causing tensions for

established VS belief systems and practices. This raised questions about VS organisations who have chosen to engage in the delivery of SIBs and how they rationalise the motivations of the state and market with their own motivations of utilising SIBs as a funding mechanism.

In Roberts' (2020) article focusing on the influence of macro public administration priorities on meso- and micro levels of administration, he outlines that the implementation of policies at a micro-level is often constrained by the high-level choices of Government. Therefore, when exploring the case of *SIB1*, we must firstly understand the motivations for the launch of the Life Chances Fund. The ICF interim report (2020) of the Life Chances Fund identified seven national objectives:

1. To increase the number and scale of SIBs in England;
2. To make it easier and quicker to set up a SIB;
3. To generate public sector efficiencies by delivering better outcomes, and to understand how cashable savings are;
4. To increase social innovation and build a clear evidence base for what works;
5. To increase the amount of capital available to voluntary, community and social enterprise (VCSE) providers to help them compete for public sector contracts;
6. To provide better evidence of the effectiveness of the SIB mechanism and the savings resulting; and
7. To grow the scale of the social investment market.

ICF. (2020) Evaluation of the Life Chances Fund – interim report, p1

Like the frame analysis findings, most of these objectives are dominated by a market logic, overtly outlining the aim of the fund as developing and evidencing more SIBs. The exception's being Objective 3 that incorporates a state logic of focusing on public sector efficiency savings and Objective 5 that outlines an increase in funding to the VS, although this is intrinsically linked to a market logic of enabling VS providers to better compete for public sector contracts. These macro-level objectives outline national Government motivations for the Life Chances Fund as predominantly about scaling the UK SIB market. Beckert (2009) states that to understand market coordination problems, attention should be paid to the exchange opportunities at a micro-level and the subsequent actions of market players caused by the

introduction of macrostructures. Thus, were the motivations of the individuals involved in *SIB1* nested within the macro-level objectives of the Life Chances fund?

As with Beckert's (2009) requirement for stable expectations for all market actors, Ronicle, et al's. (2017) LOUD model identifies that a crucial component to a successful SIB is the SIB leadership team agreeing on why a SIB model is the best approach to respond to the policy 'problem'. This shared understanding relates to how the policy problem can be addressed; whether provider activities are credible; and that no alternative option to the SIB model is available. Explored later in this chapter, in *SIB1* interviews, partners showed a shared understanding of policy issues around alcohol addiction and people experiencing multiple disadvantage, but tensions arose in terms of whether a SIB was the most appropriate funding model to address the needs of the target beneficiaries. On the surface, overt motivations for the partners differed according to the sector the interviewees were representing. However, all interviewees showed underlying motivations of using the SIB as an opportunity to seek legitimisation for their organisations role within the system (Coule and Patmore, 2013).

Sheffield City Council (SCC)

For the local commissioner, motivation was aimed at leveraging in additional resources from central government during a period where local authority budgets were strained.

"We got interested in the idea of Social Impact Bonds, partly because they were starting to be talked about as kind of the next big thing, partly because we knew that public sector budgets were in a disastrous state and it was kind of a way...looked like a potential way of, I guess, leveraging resources for things that as a Council we weren't going to be able to do any more."

SCC Commissioning Officer

The commissioning officer described standard contract-based commissioning as having the uncertainty of whether their funding was delivering the social impact it was aimed at. They saw SIBs as an opportunity to focus on outcome-based commissioning and monitor the activity of providers to ensure they were getting value for money. This rationale mirrored chapter 6's state logic and supports VS leaders Cognitive Dissonance perspective from chapter

7, where there is a perceived lack of trust by the state towards the VS knowing how to shape and deliver social outcomes. However, the commissioning officer also admitted that another motivation for pursuing SIBs was that they were seen in commissioning circles as the “*new thing*” and that the Life Chances funding was an opportunity for learning how “*to do SIBs*”.

“If you want to get Government money, you need to know how to do these things because all the opportunities that they are putting out at the minute seem to be, if you do it as a social impact bond, you have got the potential to get some money from us. So, there was a little bit of ‘let’s get on the wagon and try this stuff out’ rather than sit around and wait.”

SCC Commissioning Officer

NHS Provider

The NHS provider was perhaps the least motivated in engaging with the SIB and described their involvement as a process of being “*talked into a SIB*”. Prior to the announcement of Life Chances funding, the NHS provider was invited to several “*off the record*” conversations about whether they would be interested in looking at a SIB related to alcohol detox’s in Sheffield.

“I had never heard of a social impact bond. I was very very sceptical and thought this doesn’t sound quite...there is something not quite right and it sounds, my first impression was that this is some kind of tax avoidance, tax something...I don’t know what...but that I’m not being told the whole truth here I don’t think.”

General Manager, NHS Provider

As the lead provider of substance misuse services in Sheffield, the NHS General Manager felt that the only way the Lot 2: Alcohol service would work as a SIB was with their organisation as a key partner. There were multiple meetings with different people from SCC to try to “*sell*” the SIB to the NHS provider. Ultimately, the NHS provider felt they agreed to get involved in the SIB because they were told that it would bring significant additional funding for alcohol support.

VS Providers

Motivation for the VS providers was very similar for both organisations, despite having different charitable missions. As national charities, both organisations were delivering SIBs in other parts of the country with relative success and felt there was “*an understanding of SIBs anyway*” within their organisations. The Manager from the national charity identified part of the motivation was about the dialogue that comes with the SIB development process and lack of a strict service specification. Both organisations made a strategic decision to engage with the SIB as it targeted their key beneficiaries and was an opportunity for bringing in additional resources for their organisations.

“We can go for a SIB and go ‘something isn’t working here and we are not achieving these outcomes, so we are going to try something really different’... Whereas within a normal ITT tender process you have to say what your solution to that is before you start, not knowing whether or not it is really going to work.”

Manager, National Charity

To foster a shared understanding a SIB project needs to be viewed as a viable option, specific to the local area context (Ronicle, et al. 2017). For the local authority, overt motivations aligned with Objective 3 of the Life Chances fund and many of the state institutional frames from Chapter 6’s frame analysis: squeezed local authority budgets due to austerity; SIBs as a mechanism for outcome measures, and commissioners being better able to monitor providers on the impact of their funding. But Sheffield City Council also appeared to be seeking legitimisation from central Government by wanting to be seen as a local authority engaging in this new model of funding (Lowndes, 2008), at a time where SIBs were being strongly promoted by national Government.

The lack of motivation from the NHS provider from the outset was interesting in that the bureaucratic structure of the NHS as an institution, on the surface, would appear to clash with SIBs target providers of social-minded businesses (as identified in the frame analysis). The NHS General Manager gave the ultimate motivation as bringing in more resources for their patients needing alcohol addiction support. However, the fact that the NHS provider felt coaxed into the SIB by SCC, highlighted how importantly they viewed the relationship with

SCC. As the current holder of the main substance misuse contract with SCC, not engaging in this new, innovative initiative may have put into question the NHS providers 'professional credibility' (Ronicle, et al. 2017) within the local substance misuse service system. So, although as an NHS organisation they do not fall under the VCSE category, ultimately motivations encompassed a focus on their competitive standing within the substance misuse local market: aligning with Objective 5 of the Life Chances fund aims.

In some ways the VS organisations had a shared motivation with the NHS provider, in that overtly they described engaging in the SIB due to the opportunity of increased resources for their beneficiaries and services. VS motivations were perhaps more complex in that both VS providers were actively pursuing SIBs in other parts of the country but were somewhat sceptical about their appropriateness for Sheffield and for this cohort. Elements of their scepticism was based on the relationship with the local authority and whether SCC would cooperate by granting the VS actors legitimacy to fully operate within the SIB process. Yet, the VS providers also saw SIBs in general as a strategic opportunity to give their organisation a particular competitive standing with the state and readdress power imbalances they felt were inherent in standard commissioning processes (McGovern, 2017). Again, aligning with Objective 5. These themes will be explored further through data analysis presented under the following sections.

8.5 Partner inter-relations

In chapter 7, VS leaders felt that state and market institutional logics were being imposed and as organisations they were trying to exert some form of agency through a push back against the structure of the SIB agenda. This contradicts the central premise of SIBs as a funding model that aligns the strengths and values of private, state and voluntary sectors. Ronicle, et al. (2017) recognise that the complexity of SIB development lies in this alignment and the establishment of new, trusting relationships between individuals from organisations involved in developing the SIB. They call these inter-organisational relationships between members of the SIB leadership team '*strategic*' relationships. In the Sheffield SIB there were five organisations that formed the *strategic* relationship: Sheffield City Council (SCC), the Investor, the NHS Provider and two national charities (see figure 8.1). The LOUD model emphasises the

importance of the individuals from each of these organisations trusting one another and operating in harmony, and where this does not happen, the SIB is likely to fail.

When describing the development process, the providers (both VS and NHS) spoke about instances where trust was absent or damaged. Firstly, the VS providers outlined that one of the main challenges to establishing collective leadership from the outset was down to the procurement process being commissioner-led. Although the VS partners had previous experience of developing and delivering SIBs, they felt a complete lack of agency in the negotiations of *SIB1* and significant power imbalances with SCC. To them the relationship with the commissioner was similar to standard commissioning processes: being held at arm's length as 'providers' and not consulted with when challenges arose.

"I think you have some local authorities and commissioners where you have that trust and collaboration, and you have others where it is a subcontracting relationship. The more we went on in this SIB it was a contracting relationship and that's why when we got to the challenges, it was a case of 'we'll [SCC] deal with that, you are not going to know that this is happening, but we will tell you if it goes wrong'."

Manager, National Charity

The NHS provider was particularly sceptical about the SIB from the outset and felt SCC had talked them into it. The NHS General Manager believed that SCC were not transparent about remuneration for the SIB investor, finding out late in the process that interest needed to be paid on the upfront investment.

"Nobody was open about it, despite the fact that I asked, 'what is in it for you? [the investor] - if it's not to do with tax, what are you getting from it?', and it wasn't until way, way down the line that we found out that 'oh, we have got to pay interest!' That's interesting, nobody told us about that."

General Manager, NHS Provider

Along with a lack of trust between the providers and commissioners, tensions also rose between one VS organisation and the NHS provider when, separate to the SIB process, the main substance misuse services were put out by SCC to competitive tender. The implication was that the two organisations were now in direct competition, and open and trusted discussions about the SIB development became stifled.

“There weren’t necessarily any issues around working together, we had lots of joint meetings and there were lots of conversations supporting each other, sharing ideas, that kind of stuff. I think the difficulty came for us when the main contract was going out and actually, we then became competitors.”

General Manager, NHS Provider

“We are in direct competition for a £5 million contract. One of the guiding principles as a [SIB] partnership was that we were open and transparent, we were honest, that we shared information. But then having a competitive procurement process running alongside that could basically make or break some organisations, doesn’t create an environment where that can happen. But the SIB was meant to have been completed before all of that happened.”

Manager, National Charity

During the interviews there were very few signs of trust between the different strategic leads other than between the two VS leads. It is worth recognising that the interviews took place after the SIB had failed to launch, therefore it is difficult to know whether trust was ever established or whether trust had broken down as a result of the failure. Never-the-less, in terms of *strategic* relations, SCC appeared to revert to more transactional contracting relationships (Fitzgerald, et al, 2019) between the purchaser of services (commissioner) and their suppliers (the VCS and NHS providers).

In their LOUD model, Ronicle, et al. (2017) outline that the collective leadership approach can be affected by commissioners’ resistance to new, more collaborative ways of working. In this case, the commissioner did not use the SIB model as an opportunity to shift the dynamics of

previous working relationships with providers, and instead attempted to use the SIB structure as a functional substitute for building trust (Granovetter, 1985).

The SIB 'collaborative approach' was also impacted by the dynamics between the providers, particularly between one VS organisation and the NHS provider who operated within the same service field. The operating norms between these organisation's was one of cautious collaboration whilst simultaneously competing for funding within a quasi-market (Curley, et al. 2021). Again, this supports the Cognitive Dissonance perspective in chapter 7, where VS leaders were balancing the need to collaborate alongside competing for resources. As Ronicle, et al. (2017) point out in their model, SIBs "*challenge the existing way of doing things*" (p.6) which can go against current organisational relationships established on the underlying principle of 'open competition'. Beckert's (2009) 'problem of competition' identifies that suppliers establish market structures that can protect them and help them gain advantages over their competitors. The decision by SCC to utilise a SIB model that combined two 'lots' forced the VS organisation and NHS provider into a more collaborative structure where information openness about salaries, operating costs and delivery models were central to the success of the SIB. Five-months into SIB development, SCC announced a competitive tender process, separate to the SIB, but instrumental to the two providers core services. As a market coordination problem, competition can lead to contested distributional challenges that can reflect the "*inequalities of actors in the market field*" (Beckert, 2009, p.258). Essentially the NHS and VS organisation were expected to collaborate for the SIB, whilst simultaneously taking part in a highly competitive process where the NHS provider held a position of power as the incumbent.

"I think the power imbalance and the influence that the NHS organisation had in the forums that they are in locally, at a political level, always disproportionately affected decision making."

Manager, National Charity

8.6 Other factors

Alongside overcoming the hurdles of *strategic* relationships, Ronicle, et al. (2017) highlight that resistance to SIB development can come from *organisational* relationships, between the

SIB leadership team members and their own internal stakeholders. This was particularly relevant to SCC where elected members of the Council get final sign-off for anything involving significant public funds.

“There was a Sheffield-Labour group view about public services and who should run them and these kind of whizzy sounding Government initiatives to have social investment and all that kind of stuff. It all sounds like ‘investors, investors, investors’ it sounds like an accountancy ‘scheme’...Most people were really suspicious of it and you had to really persuade them and then in the end they weren’t really persuadable, unfortunately.”

Commissioning Officer, Sheffield City Council

“The April start was delayed, and we are aiming for September 2019. It got closer and closer to September, everything from our side was ready to go. We literally had job adverts ready to go, the financial profile had been signed off, Life Chances were comfortable, it was just clicking the send button was the issue – basically the Council sign-off. We kept being told that things needed to go to meetings, needed to go to Committee...”

Manager, National Charity

Aside from the dynamics between the SIB leadership team, the development of the SIB ultimately challenged the *organisational* norms within the local authority. The institutional framework of local governance is embedded with conventions and traditions that legitimise local political action (Lowndes, 2008). For a Labour-led Council like Sheffield, this can include cynicism on initiatives championed by a Conservative Government:

“They didn’t quite get it. It sounded too complicated... So they were like, ‘Yes, Government might like it but we don’t really like Government, so why would we want to shout about how wonderful it is getting into bed with Civil Servants and Ministers about all this stuff”

Commissioning Officer, Sheffield City Council.

At a micro-level, the commissioning officer and their team had bought into the launch of the SIB, but ultimately, at the meso-level, Sheffield City Council rejected the macro-level logics of central Government.

The LOUD model also identifies that the inclusion of the investor as a partner in the SIB model adds another layer of complexity. Investors need to be satisfied about the level of financial risk attached to achieving the service outcomes. Therefore, SIB models require *clear Outcomes* that are financially attributable to a cohort of target beneficiaries (Ronicle, et al. 2017). Again, this seemed to be a challenge for *SIB1*, partly due to the procurement process pursued by SCC of combining two 'lots' aimed at two specific target cohorts into one SIB.

"It was so overly complicated it was just hard to work out how it was going to work. The Governance arrangements about bringing them together and why there was a need for that."

Project lead, National Charity

Beckert (2009) points out that complex products, in this case people with complex needs, creates a 'value problem' where the attribution of a product cost can be contentious: *"the more the value of products becomes detached from the fulfilment of purely functional needs, the more they depend upon symbolic assignments of value that must be constructed by market actors."* (p.256). For SCC, the further they got into the detail of the outcome development, the harder it was to justify running the services as a SIB, as SCC did not ultimately save any money. Both the VS interviewees identified that, from the outset, they had felt that Lot 1: SMD was not suited to the funding model of a SIB. They sensed that the target cohort was too complex for financially measured outcomes-based commissioning; the commissioning process was overcomplicated by the combination of the different 'lots' and they were sceptical about the motivations of SCC.

"We are talking about a group of people who have got complex needs and you need to be really flexible in how you respond to that. Not be driven by trying to get an outcome in order to get some funding to pay back an investor. I regularly said 'why are we doing

this like this?', but it just felt that someone had decided. But it didn't seem logical to me that it was required. It was about the funding mechanism, wasn't it."

Project lead, National Charity

Ronicle, et al's. (2017) LOUD model recognises the influence that *environmental* factors can play on SIB development. The detailed dialogue stage of the process was lengthy, and the original 'go live' date of September 2019 passed. Then, in March 2020, due to increased numbers of Covid-19 infections, the UK was subject to a nation-wide lockdown. It was recognised at this time that it was not possible for people to self-isolate or follow sanitation guidance while sleeping rough or living in shared homeless accommodation. On 26th March 2020 the Ministry for Housing, Communities and Local Government (MHCLG) instructed local authorities in England to move all rough sleepers and people staying in communal shelters into contained accommodation under the initiative 'Everyone In' (Boobis and Albanese, 2020)

"Between the August and November of that year, all the rough sleepers were taken into hotel accommodation and because they were taken into hotels the need for the complex needs SIB had changed."

Manager, National Charity

Along with the changes in Government policy for the target cohort, Covid-19 also impacted how statutory budgets and resources were being prioritised with an emphasis on hospitals and the health system.

"Covid, I think, really did put a stamp on it. Partly because rules changed around CCG (Clinical Commissioning Groups) budgets, they couldn't take money out of their big contracts because the contracts all got suspended and they were saying that they couldn't commit to moving money around out of hospital contracts."

Commissioning Officer, Sheffield City Council

The *environmental* influence of Covid 19, was given by SCC as the ultimate factor for the SIB failing to launch. However, this occurred following 11-months of detailed dialogue between the SIB leadership team with a clear lack of *collective Leadership*. Regardless of Covid-19, there

were challenges across all the LOUD model factors. All three providers expressed a sense that SCC had lost motivation about the SIB prior to shifts in policy caused by the pandemic, suggesting that SIB development was already failing at this point.

“I mean obviously Covid and the pandemic didn’t help by any means in terms of financial difficulties and demand on staff. But actually, I didn’t feel it was moving very quickly before that. As I said it had been going on for years.”

Manager, National Charity

“The decision to actually go ahead was completely taken out of our hands. The CCG and the Council decided it was too much of a risk so they pulled it. Obviously this left us absolutely gutted that we spent, what felt like...I don’t even know how long it was...it felt like 2 years. 18 months to 2 years of hard work and so much time for actually nothing to happen.”

General Manager, NHS Provider

I think that the Council and the project team changed so much over time, that what that meant was that the initial people that started this project, that was wholly and 100% bought-in, pushing for this to work, left and the motivation of the Council nose-dived and the influence that the Council representatives had within the SIB wasn’t as strong as what it needed to be to convince the Boards at the Council to pass this off.

Project lead, National Charity

SIBs are only a viable funding mechanism if someone is willing to pay for the outcomes, giving the ultimate decision of whether a SIB goes live to the SIB ‘buyer’, which in most UK SIB models are statutory organisations (Maier, Barbetta and Godina, 2018).

8.7 Agency of VS leaders

In chapter 7, VS organisations were shown to hold a form of agency through the organisational strategies they pursued to either opt-in or out of the SIB market. However, participants in chapter 7 felt that larger, national charities held higher levels of agency with

regards to pursuing SIB opportunities, as larger VS organisations have the ability to scale, the internal infrastructure to pursue SIBs and the technical capabilities of attaching complex financial values to charitable causes (McGovern, 2016). As charities operating in multiple locations, the national VS organisations in *SIB1* had already 'opted-in' to the SIB market by delivering SIBs in other locations. In comparison to local VS organisations, the national charities had gained experience outside of Sheffield meaning they already had the internal infrastructure and technical capabilities for pursuing the Sheffield SIB. Williamson (1973) describes this as "*first-mover advantage*" (p.317) where the specific experience gained from winning original bids places organisations at a cost advantage in relation to other organisations competing in the same market.

The national charities in *SIB1* identified that a reason for choosing to pursue the Sheffield SIB was about their expertise and position within the Sheffield homelessness and substance misuse pathway, with a sense that a SIB in this area would not work without their local knowledge and involvement. This supports the VS distinctiveness argument found in the focus groups, of VS organisations holding expertise in delivering social outcomes at the local, grassroots. But where chapter 7 participants aligned this distinctiveness with smaller, local charities, chapter 8 participants articulated the same strengths for national charities operating at local level. The distinctiveness argument also came out strongly from the Housing Association in the *SIB2* scoping interviews who felt that "*it is better that someone from within is doing it. Someone coming in on top of a model or a provider, you haven't got any sort of traction in delivering this stuff*". Although overtly this distinctiveness is framed as being focused on what is best for the local SIB beneficiaries, it is also being used as a tool for strategic positioning (Macmillan, 2013), opting-in to the Sheffield SIB to ensure no one else is coming in to deliver on their 'patch' and gain positioning within the market they are operating in.

So, to some extent national charities hold an advantage over local organisations. Larger charities that deliver local contracts can utilise perceived legitimacy at both local and national level as a competitive advantage in bidding for SIBs. They can claim local distinctiveness arguments over other national charities who are not currently delivering in the local area,

whilst gaining first-mover advantage over their local counterparts as organisations operating across multiple UK locations (Benson, 2015).

However, what was clear from *SIB1* was that this first-mover advantage may benefit national charities in initially competing with other charities to become providers of SIBs, but this does not necessarily grant them a higher sense of agency in the ongoing development of SIBs, particularly in their relationships with statutory commissioners. A good example of this was found in the access to data relevant to the development of *SIB1* metrics. Underpinning the concept of SIBs as a public sector funding model is bringing in tools and techniques from private sector management practices to respond to social problems (Lowe, et al. 2018), the key factor being the ability to align the achievement of social outcomes to financial incentives. Substantial amounts of data on the eligible cohort are therefore required to calculate the scale and timing of outcome projections (Ronicle, et al. 2017). The VS providers discussed their frustration at being granted access to a target cohort feasibility study, only after successfully passing the EOI stage. It was therefore difficult for them to plan an evidenced-based outcome model as part of their competitive bids. Even after access was granted, according to one of the VS leaders, the study lacked any level of scrutiny around target outcomes.

The lack of access to beneficiary data could be construed as a prime example of Williamsons (1973) '*information impactedness*' where it is difficult for the VS organisations to gain information parity to set financial targets and compete in the market. In contrast, the VS leaders themselves felt they held significant amounts of valid data from their experience delivering similar SIBs in other areas of the country. But participants suggested that the VS evidence was not seen as valuable by SCC or the NHS provider.

“We have a SIB that has been established for a number of years and was one of the first SIBs within the country and particularly within the substance misuse sector, and we were creating a SIB here [Sheffield] on a similar basis. They [SCC and the NHS provider] could have asked us what our outcomes were, what the payment mechanism was for it, how we got to that point, shared the feasibility study for it. But the offer was made but never taken up. I think that was the thing, the value wasn’t seen.”

Manager, National Charity

From the outset, SCC ensured they retained elements of control over the development processes by choosing a commissioner-led model of procurement. This established a dynamic of the VS organisations ‘bidding’ to deliver SCC’s priorities and being compliant to the local authority’s requirements (Milbourne and Cushman, 2015). This dynamic played out throughout the SIB process: the forced partnership between providers of two different lots, the control over the one investor, the withholding of information on beneficiary numbers, and the ultimate decision to drop the SIB all-together. In comparison, the VS leader from *SIB3* described a model that moved away from the more traditional delivery contract, meaning they were able to negotiate as a trio of provider, investor and commissioner: *“when you are trying to set up a SIB, [the tender process] should be done differently than a very traditional way of doing it, with the commissioner versus provider versus investor arrangement, which is just not a way to do SIBs for me. It should be more collaborative and more about working together rather than traditional contracting.”* (*SIB3* scoping interview).

The level of agency discussed by the strategic partners in *SIB1* was very different to those experienced by the VS leaders in both *SIB2* and *SIB3* in the scoping interviews. For *SIB3*, this appeared to have been in part down to who was driving the SIB. *SIB3* originated from the charity, their strategy being to proactively build relationships with the investor first and only then did they approach the local authority. *SIB3* VS leader describes having *“to hold the commissioner’s hands through the whole process”*, gaining commissioner buy-in by putting everything in place, calculating the cost savings and making it easy for the commissioner to sign up. It was also suggested that this reduced any competitive processes with other VS organisations, as the SIB was very much owned by the charity.

In contrast, as part of SCC's Life Chances fund portfolio, *SIB2* was commissioner-led and meant the Housing Authority had to enter a competitive process, similar to *SIB1* and led by SCC to gain delivery access. But once awarded, the VS lead from the Housing Association describes a very different experience to the providers of *SIB1*.

"It absolutely felt so much more collaborative because of the way that they procured it - they built in negotiations... you could iterate as you went along. That felt a lot more collaborative, because we said strongly 'don't over-specify this, because if you over-specify you are going to derail it'. I think our infrastructure of co-design really helped us as a partnership, refine the model. But I think being really clear upfront about why we are in this, let's ask ourselves that question about why do we want to do this. So just getting each other aligned, really quickly was helpful."

SIB2 scoping interview

"The whole point of the SIB from the very start was around the collaboration, the partnership working, the openness, the transparency, the doing this together. When it got to a point where difficult questions were being asked, we weren't seen as part of the solution to that. We weren't seen as somebody who could come in and try and influence and support this decision making within the Council."

Manager, National Charity, SIB1

It is important to consider why the experiences of the VS providers from *SIB1* and *SIB2* were so very different, when the process was being led by the same local authority. One element appears to be the complexity of the Sheffield SIB case: the combining of two lots, the multiple provider approach, and the difficulty of determining the beneficiary outcomes. *"In terms of a SIB, this is a pretty simple SIB, people move out of 24-7 mental health care, and it is sustained"* (SIB2 scoping interview). Other *organisational* and *environmental* factors around the failure of *SIB1* have been identified previously in this chapter. However, this does not explain the significant disparity in the sense of agency felt by the VS providers during the process of the different SIB developments.

Ronicle, et al. (2017) outline in their LOUD model that individuals can have a significant role in the success of a SIB. An example from their research outlines a leader who *“had passion for the intervention and professional credibility, but he was able to construct a tight senior leadership team in the central driving organisation (strategic element) bring other stakeholders from the organisation along with them (organisational element).”* (p.7). In the focused interviews, the SCC Commissioner outlined that a large factor underpinning their decision to take up SIBs as a local authority was the additional funding it brought from central Government. However, the Life Chances funding was originally promoted by the Head of Policy for Sheffield City Council, who had been championing SIBs since 2016 and foresaw social finance as a significant part of local public service reform (Tuckett, March 2016, Innovative Financing of Public Service Reform). SCC’s Head of Policy oversaw the development of the first Life Chances SIB (SIB2) but left SCC during the Alcohol and Complex Needs SIB development, leaving the SCC Commissioner (interviewed for SIB1) overseeing the ongoing SIB portfolio. SIB1 providers felt this shifted SCC motivations away from building a collaborative process between provider and investor, ultimately changing the dynamics of the partnership and reducing commissioner understanding of SIBs to simply a model for getting additional funding in for local authority priorities.

“I remember having really quite productive meetings about how the partnership could work. I think that changed and I think it was also due to the fact that the personnel driving it changed so much and to be honest, and I think they would say this themselves, some of the people driving it didn’t understand it, they didn’t understand what a SIB was.

Project lead, National Charity

8.8 Conclusion

In terms of VS impact and agency, there are clearly elements of national VS organisations having a greater ability of pursuing SIBs for their organisation, particularly around first-mover advantages (Williamson, 1973) and having the professional capability to engage with SIBs (McGovern, 2016). However, this chapter’s findings identified that the parameters of VS agency in SIBs is ultimately determined by the state rather than the VS organisation itself, regardless of their size. The Life Chances Fund Objective 5: *‘To increase the amount of capital*

available to voluntary, community and social enterprise (VCSE) providers to help them compete for public sector contracts' (ICF, 2020), lays this out clearly. Engaging in SIB delivery is opting in to compete in a market that is constructed and controlled by the state. Statutory commissioners of SIBs wield a significant element of power with the ability to:

- **grant access** to the SIB market through their choice of procurement processes.
In the *SIB1* example access was granted to the national provider partnership over a local provider consortium using a standard competitive procurement process, which research has shown to favour large organisations over small (Dayson, Baker and Rees, 2018).
- **determine the value of VS organisations** engaged in SIB development.
In the *SIB1* example VS organisations were seen by SCC as simply deliverers of services rather than equal partners with valuable expertise in how to develop the SIB, respond to barriers and measure outcomes (Rees and Mullins, 2016).
- **affect relations between SIB providers** around collaborating or competing.
In the *SIB1* example the decision to combine 'lots' forced providers to collaborate and then ultimately compete with the timing of the wider substance misuse service tender (Curley, Daniel, Walk and Harrison, 2021).
- **wind-up or shift the SIB market** through changing state priorities and policy.
In the *SIB1* example SCC decided in September 2020 not to take the SIB forward, leaving no recourse for the providers or investor who had committed a significant amount of time and resources to the SIB development. In July 2021, SCC launched the Changing Futures programme with £3.267m of funding from the Ministry of Housing, Communities and Local Government and the National Lottery (Corbishley, 2021). The target beneficiaries for Changing Futures were the same cohort as lot 1: SMD but this time SCC were utilising a grant funding mechanism rather than a SIB. None of the interviewed providers from *SIB1* are involved in the Changing Futures programme, but three of the five unsuccessful consortium bid providers are recipients of the programme's grant funding.

Even for VS organisations that have proactively pursued SIBs this has not automatically led to their organisation gaining a competitive advantage in public sector contracts. The regional charity interviewed for *SIB3* were extremely positive about the opportunities and potential of

SIBs for the VS, particularly around experiencing a certain amount of control and agency. The initial scoping interviews for Chapter 3 were conducted in April 2019 and a review of the regional charity's accounts showed an income of £6.96m from Government contracts in March 2019, including through the mechanism of SIBs. In November 2021 that income had dropped to £0, with an accompanying statement on their website outlining that due to changes in the commissioning landscape and consistently smaller budgets, they had made the decision to step away from large multi-service commissioning. In their view 'chasing contracts' with local authorities was doing a disservice to their beneficiaries and causing mission drift. The biggest VS champion of SIBs from all the VS organisations spoken to for this research, has opted out of the market.

Chapter 9: Conclusion

9.1 Introduction

This thesis has examined Voluntary Sector (VS) engagement within the UK Social Impact Bond (SIB) policy agenda. SIBs were introduced by the UK Government in 2010 as a collaborative way of achieving social change along with cashable savings for public expenditure. SIBs are modest in scale in comparison to the wider social investment market (Albertson, et al. 2018) and make up a relatively small part of the funding landscape for VS organisations (see Chapter 3: exploratory research). Yet SIBs have received a disproportionate amount of attention from policy makers, research institutes and think-tanks due to their purportedly innovative approach to harnessing private investment ostensibly to reduce state social expenditure (Golka, 2019). The intensive and extensive interest in SIBs means they are a noteworthy phenomenon to study in terms of understanding the operating environment of the VS, particularly for the evolution of state-VS relations. Although VS organisations have been presented by SIB advocates as a key partner in the SIB model, there has been limited empirical evidence about VS attitudes to the SIB market, a clear gap in knowledge that this thesis aimed to address.

Through an institutional lens, this thesis explored issues of identity, distinctiveness and independence for VS organisations in how they navigate a funding environment increasingly influenced by the logics of market. In doing so, it provided empirical contributions to knowledge around the VS's relationship with the state, the evolution of the VS's role in delivering state social outcomes and VS leaders' attitudes to highly market-based and financialised state-initiated funding models. The thesis has contributed to key VS theory by finding that Salamon's Voluntary Failure Theory (1987) is limited in its application on 21st century VS organisations which are delivering social outcomes on behalf of the state. Findings identified that Salamon's voluntary failures continue to pose challenges for VS organisations. However, contrary to Salamon's view that closer ties to Government would held to reduce VS failures, instead this study found that the market-based commissioning processes which give access to state funding continue to embed longstanding and intrinsic power asymmetries between the state and VS organisations.

This thesis has taken a novel approach to research methods, contributing to the knowledge of methodological strategies for the study of the VS by adopting a mixed-method design to explore the UK SIB market from a meso-macro-micro perspective (Roberts, 2020, Serpa and Ferreira, 2019). Firstly, a frame analysis was conducted on the grey literature about SIBs to identify the institutional logics driving the implementation of a SIB market at national macro-level. Secondly, Q method and focus groups were utilised to explore the linkage between the macro-level narratives of SIBs and the meso-level practices and belief-systems of local VS organisations. Finally, focused interviews explored the micro-level perspective of individual agents and their interaction with each other during the development of a real-case local SIB which failed to launch.

9.2 Research Questions

The thesis has responded to the following research questions:

1. What institutional logics are driving the UK Government's framing of the national SIB agenda?
2. How do the institutional logics of SIBs affect the Voluntary Sector's collective identity?
3. How are voluntary sector actors rationalising the institutional logics of the SIB agenda at local operational level?

The main findings of the thesis for each research question are summarised below.

RQ1: What institutional logics are driving the UK Government's framing of the national SIB agenda?

Chapter 6 built on the literature review through a frame analysis of a selection of SIB grey literature reports published during the period 2010-2020: the aim of the frame analysis was to unearth the institutional logics framing the introduction of a SIB market at macro-level. This chapter reaffirmed findings from other studies (namely Fraser, et al. 2018) that there is a coming together of market and state narratives within the literature of SIBs. The findings of this thesis suggests that SIBs have been framed as a funding tool which, through the power of market mechanisms, delivers cost-effective and sustainable social good. The frame analysis found that state narratives were often utilised to 'soften' explicit market logics and legitimise the central positioning of financial actors in the field of health and welfare support. Investor involvement was framed as going beyond mere providers of finance and was argued as

bringing expertise in the setting, measuring and quantifying of social outcomes. This finding further contributes to the literature focused on the role played by new institutionalism and institutional logics in policy development (Mayr, 2008, Lowndes 2009, Coule and Patmore, 2013) and on the embedding of new market actors (Beckert, 2009). Golka (2019) identified that market and state logics support a social process which enables financial intermediaries to “claim ownership of and financial rewards for the behaviour change of individuals”. (p.76). In this study, findings suggest that financial intermediaries are gaining an increasingly central position in the provision of social welfare, a space previously occupied by VS organisations.

In direct contrast to state and market logics, chapter 6 found that the institutional framing of VS involvement in SIBs encompasses a narrative which questions the expertise, role and identity of the traditional VS, suggesting a sector failure to tackle complex social problems. As a part of this narrative, VS organisations are encouraged to engage in more professional and entrepreneurial practices to sustainably deliver on their missions. SIBs were introduced during a period when VS organisations were facing significant cuts to funding (McHugh, Sinclair, Roy, Huckfield and Donaldson, 2013) and have been promoted as an opportunity for smaller charities to access service contracts (Dayson, Baker and Rees, 2018). However, the frame analysis identified that, in most of the grey literature analysed, terms such as ‘social enterprise’ or ‘socially minded businesses’ were favoured over the more traditional ‘voluntary sector’ or ‘charity’ terminology when referring to SIB delivery partners. This finding builds on wider VS theory around a shift in paradigm of VS status in relation to the state, with compliance to more professionalised service delivery contracts signalling a side-lining of values for traditional VS organisations (McGovern, 2016, Milbourne and Cushman’s, 2015, Dayson, et al. 2022).

The UK Government presented their role in the introduction of market mechanisms to state activities as one of enabling actors (Aalbers, 2016) to find efficient ways to tailor supply to demand (see Chapter 4). Through this rationale the VS was positioned as ‘demand’ actors in the SIB ecosystem (McGovern, 2016), with SIBs promoted directly to VS organisations as a potential way of offsetting their ‘failures’ (Del Giudice and Migliavacca, 2018). This frame aligned with Salamon’s (1987) voluntary failure theory, in particular ‘*philanthropic insufficiency*’, with claims within the grey literature that SIBs are a mechanism for attracting

private capital to produce sustainable funding from new sources into the VS. Yet findings from the Q Method, focus groups and interviews (Chapter 7 and 8) failed to reveal any evidence from VS leaders of opportunities for sustainable funding for the VS through the introduction of a SIB market.

RQ2: How do the institutional logics of SIBs affect the Voluntary Sector's collective identity?

Chapter 7 explored the VS voice that was found to be absent from the SIB grey literature. Where the frame analysis focused on the literature aimed at the advancement of SIBs at a national macro-level, chapter 7 used Q-Method and focus groups with local Sheffield VS leaders to explore, at a meso-level, whether VS leaders were interpreting the institutional logics of SIBs into their organisational strategies or felt that these logics were imposed and causing tensions within established VS belief systems and practices.

Findings identified that, contrary to the national framing of the VS as 'demand' agents in the SIB ecosystem identified in chapter 4, there was a distinct lack of engagement, understanding and interest in the SIB agenda from the local VS leaders who participated in the research. Rather than viewed as a transformative tool in terms of bringing together strengths and knowledge of different sectors, local leaders in the focus groups felt that SIBs added yet another layer of complexity to securing statutory funding and was a tool imposed on the sector by the state. This finding contributes to discussions around the professionalisation of the VS (Milbourne and Murray, 2017) and the impact of ideological public administration reforms. New commissioning and procurement regimes such as SIBs, introduced by Government to satisfy Government priorities, hold an expectation that the VS will fall in line and professionalise their practices with an implicit assumption that the VS is unprofessional (Benson, 2015, Rees and Mullins, 2016).

Golka (2019) believes that the introduction of financial actors to the welfare state in models such as SIBs may transform how VS organisations act, perhaps becoming more closely aligned to private sector practices. Findings from the focus groups identified that VS leaders were more open than anticipated to working with the private sector but under the right conditions.

Inconsistent with the SIB grey literature frame of a failing sector that needs to co-opt business-like practices, the VS leaders felt a strong sense of sector distinctiveness (Billis and Glennerster, 1998; MacMillan, 2013; Dayson et al. 2022) intrinsically linked to their collective values. VS leaders felt that the private sector had a lot to learn from the VS in how to achieve social good. However, this distinctiveness often appeared contradictory: the Q-Method perspectives unearthed the on-going pressure of generating sustainable resources, leading to VS leaders already co-opting market logics through strategies such as charitable trading. This adaption to the logics of state and market (Knutsen, 2012) is often referred to in VS literature as 'hybridity' - a consequence of VS organisations' attempts to maintain their distinctiveness whilst seeking external legitimacy in their search for new and sustainable sources of income (Brandsen, van de Donk and Putters, 2015, Skelcher and Smith, 2015). In the focus groups, these opposing pulls on VS leaders caused what Curley, et al. (2021) refer to as 'cognitive dissonance', leading to a strategic dilemma in terms of how VS organisations collectively identify themselves.

Focus group participants identified that a significant cause of tension to established VS belief systems and practices was of how the sector is externally viewed, particularly by statutory organisations, resulting in questions around sector independence. In the focus groups the relationship between the VS and the state came across as dysfunctional, with continuing challenges around power dynamics and a sense of imbalance between the value the state prescribes the VS, with the value the VS prescribes itself. Existing VS research shows the sector has consistently had to adapt to a fluctuating environment impacted by changes in Government policy (Benson, 2015, Huckfield, 2020, McGovern, 2016, Rees and Mullins, 2016). This thesis provides a contribution to this complex relationship between the VS and state through the lens of SIBs. The Q method and focus groups identified that the dissonance around sector identity has been reinforced by the institutional logics of SIBs, contributing to the on-going struggle of the VS to embrace institutional rules of their own as a sector, resulting in state perceptions echoing aspects of Salamon's *voluntary failure* theory (1987).

RQ3: How are voluntary sector actors rationalising the institutional logics of the SIB agenda at local operational level?

Chapter 8 explored this question through focused interviews with two VS providers, an NHS provider and a local authority commissioner involved in a partnership for a SIB which failed to launch. Chapter 8 explored the micro-level perspective of individual actors and their interaction with each other during SIB development. Unlike chapter 7, where the research participants represented local VS organisations, chapter 8 featured two national charities. Despite the differences in terms of organisational size and reach, chapter 8 found similar themes around challenges to identity and agency for the VS organisations, heavily linked to statutory relationships and commissioning processes.

Compared to the local VS leaders, initial motivations of the national VS organisations' engagement with the Sheffield SIB more closely aligned to the institutional logics embedded in the SIB grey literature. In the interviews, VS leaders described the primary appeal of SIBs being the new, collaborative way of working with private and state sector agents, where their VS expertise in working with the cohort would be valued, enabling gains in positioning and legitimacy for their organisations in competing for funding in their mission field. However, at an operational level the SIB development process did not live up to this promise, reinforcing Lowe, et al's. (2018) findings from their SIB case study that the implementation of SIBs "*seemed a relatively harmonious concept at a macro level*" but "*we observed the emergence of tensions when this manifests itself at the meso and micro level*" (p.365). Building on Ronicle, et al's. (2017) LOUD model to aid interview analysis, findings from this study highlight an absence of alignment between sector actors when attempting to create new trusting relationships for the development of their SIB. Instead, inherent power asymmetries between the state and VS heavily influenced the failure of the SIB going live.

Findings from the interviews highlighted four main actions on the part of the local authority which influenced the VS organisations' operational environment. These findings contribute to wider discussions in VS studies and provide examples of Beckert's (2009) coordination problems when establishing a market:

- a) *Opting for a competitive procurement process that legitimised which VS organisations had access to the Sheffield SIB market.*

Much has been written about the influence of New Public Management (NPM) and the assertion that private-sector management techniques in public service delivery leads to cost savings and efficiency gains (Osborne, 2006). As outlined in chapter 3's literature review, the contracting environment with the state heavily influences the operating environment of the VS and, through an institutional lens, this has led to a process in which statutory commissioners reward 'good' VS organisations by granting them access to a market for the delivery of services on the state's behalf (McGovern, 2016). Coule and Patmore (2013) point out that institutional logics are often utilised to determine which VS organisations are deemed as providing a legitimate response to social needs and thereby gain membership to the service system. SIBs are intrinsically linked to the public sector reform agenda (Benson, 2015) and some commentators (Albertson, et al. 2018, Dayson, Fraser and Lowe, 2018, Carter, 2019) had hoped that the introduction of SIBs and their intended collaborative nature would signal a paradigm shift into what Osborne (2006) describes as New Public Governance (NPG)- a more holistic approach to public administration and management. In the Sheffield SIB, findings identified that this was not the case. By opting to utilise a highly competitive procurement process, Sheffield City Council defined which VS organisations would be granted access to the SIB opportunity from the outset. The outcome was that two national VS organisations were 'legitimised' over their local VS counterparts. Therefore, rather than SIBs enabling smaller charities to access service contracts, the evidence from this case study is that the NPM practices favour larger charities over smaller ones (Wells, 2012, Milbourne, 2013, Dayson, et al. 2018). This finding provides an example of Beckert's (2009) *cooperation* problem in market development, where institutions, in this case the local authority, sanction some organisations over others by enforcing compliance to their expectations through competitive procurement processes.

b) Influencing competitive relations between partners in the same social field.

Curley, et al. (2021) identify that VS organisations are inherently competing with one another, whilst also explicitly seeking collaborations with the same competitors. Although competition is acknowledged by VS leaders as a part of the process of gaining access to scarce resources, they often view competition as undesirable when working in partnership with other organisations. Findings from the interviews identified that this dissonance of competition/collaboration between the providers in the SIB partnership was heightened by

actions taken by the local authority. Researchers note that competitiveness has become an approved neoliberal characteristic to determine 'legitimate' organisations in the same social field (Neyland, 2018, Milbourne and Cushman, 2015). Findings from the interviews identified that the procurement process forced providers to collaborate due to the local authority's decision to join different 'lots' into one SIB; then during the SIB development stage, the local authority initiated a simultaneous competitive tendering process of the providers' core services, essentially pitching them against each other for resources in one context whilst expecting them to collaborate in another.

c) Determining whether the SIB goes live.

During the exploratory interviews in Chapter 3, VS leaders discussed the length of time a SIB was in development as a particular drain on their scarce resources and, even then, there was no guarantee of local commissioner buy-in. This is further evidenced in chapter 8; the Sheffield SIB took two years of development before the local authority decided to officially withdraw. A premise of SIBs is the transfer of risk of service failure away from statutory commissioners and service providers and on to the financial investor (Mulgan, et al. 2011). Evidence from the exploratory interviews and Sheffield case interviews suggests that SIB delivery partners are in fact open to the risk of significant resource input going to waste if the local authority changes its mind about pursuing a SIB. As Neyland (2018) points out, even legal structures such as Special Purpose Vehicles (SPV), established to reduce financial risk across all partners, do not provide much protection for the delivery providers if they are replaced (as found in the exploratory interviews) or if the local authority withdraws from the process (as found in the Sheffield case).

d) Influencing the value that the VS organisations brought to the SIB development process.

The case study interviews with the VS leaders identified that the initial motivation for SIB engagement was the appeal of a stronger sense of organisational agency when delivering services on behalf of the state, as SIBs promised a more collaborative approach between partners. However, points a-c outline how decisions taken by the local authority can significantly impact the VS providers' strategic environment. A lack of agency for VS providers throughout the SIB development process was an ongoing theme described by the VS leaders in the interviews, with feelings that key data was withheld and that they were prevented from

influencing elements of the development process. This mirrors findings from a PIRU evaluation (Tan, et al. 2015) that local input into the development of a SIB was often overlooked as it was seen to have limited use during the technical process of designing a SIB. Findings from this thesis outline that, for all their initial promises, SIBs can still encompass unfair dealings for the VS that can limit organisational independence and voice (Rees and Mullins, 2016). As Warner (2020) pointed out, SIB expertise is valued through the understanding of capital markets rather than through the expertise in delivering social returns. Regardless of their 'innovative' structures, SIBs continue to embed assumed advantages of private sector practices (Buckingham and Rees, 2016), and VS organisational agency is still heavily influenced by the extent to which the local commissioners value – or otherwise- the contribution of VS providers (Benson, 2015).

9.3 Implications for VS Theory and Areas for Future Study

SIBs as a Proposition

Powell and DiMaggio (1983) identified that institutions can persist even when they serve no-one's interests. Analysis from this study found it difficult to secure corroborative evidence of SIB's proposition as a model which nurtures alignment around a common value proposition for the private, public and voluntary sectors (Williams, 2019). However, this research used the lens of institutional logics to understand the introduction of SIBs as a funding mechanism and its impact on the VS strategic operating environment. Beyond the institutional rhetoric, analysis on the financial impact of SIBs, for either the public or the voluntary sector, has not been investigated. Broccardo, Mazzuca, and Frigotto's (2019) review of the academic literature on SIBs identifies a very limited evidence-base supporting SIB funded-programmes. As the SIB ecosystem has yet to reach maturity, more empirical studies based on wider primary data are needed to truly understand the impact of SIBs, as the SIB research field has predominantly focused on commentary, descriptive SIB evaluation reports or theories around SIB ecosystem developments (Broccardo et al. 2019, Olson, Painter, Alberston, Fox and O'Leary, 2022).

The UK Government's overt objective for the introduction of the SIB model was to use market forces to achieve social returns and reduce high costs to the taxpayer associated with

complex social problems (Fraser, et al. 2018). Chapter 4's mapping of the intended positioning of sector actors across the SIB ecosystem identified that the state views itself as an enabler of SIBs. As shown in chapter 2, through the Innovation Fund and Life Chances Fund alone, the UK Government has invested over £100m in the development of a market for SIBs. Yet, there is no accessible primary data on the amount of Government funding that has been paid out directly to financial investors for activities such as set-up fees or interest payments on their investments. Any conclusions on whether the state is operating in the role of the enabler or the supplier of finance for SIBs are difficult to resolve without further analysis into whether the SIB market is driven by public sector investment or philanthropic investment (Olson et al. 2022).

Chapter 4's mapping of sector actors also identified the intended placement of investors as suppliers in the SIB ecosystem but found blurred boundaries between supply and demand agents. In chapter 8's local case study, the investor was not interviewed as part of the SIB partnership and therefore the impact of the failed SIB for the relevant organisation is unknown. Inevitably it would have contributed time and resources over an 18-month development process for little return, only to see an announcement, less than 12 months later, of their investment proposition being funded through a grant mechanism rather than via an investment through which they could yield financial returns. Studies focused on investor risk/return ratios and on the impact of SIBs that have failed to go live from the investor perspective would be a welcome addition to the SIB literature.

Analysis from the in-depth interviews in chapter 8 identified that Sheffield City Council could not make a financial case for reducing social care costs through their planned SIB mechanisms. It is therefore also difficult to draw any conclusions on the 'value for money' aspect of SIBs as a proposition for the state and whether a market for SIBs is sustainable without significant intermediation from Government. Questions also remain about whether the social activity of SIB programmes would still be funded through other means. In the case of the Sheffield SIB that failed to go live, social activity aimed at the same cohort has subsequently been funded through Government's Changing Futures grant programme, including ambitions about improving the system through multi-sector partners working more closely together (Sheffield City Council, 2023). To truly understand SIBs as a proposition,

further studies into the levels of Government funding going in and out of the health and social system through SIB mechanisms is needed. Equally, investigation into the outcomes of social interventions delivered through a SIB mechanism in parallel to the outcomes of social interventions delivered through a grant funding mechanisms in the same social field could help to understand whether SIBs are fundamentally a financial tool or are a mechanism that achieves social change.

Voluntary Failure Theory

For the VS, the institutional logics behind SIBs held the promise of an opportunity to access larger amounts of sustainable funding to achieve their missions, whilst aligning the strengths of the VS to those of the private and public sector around a common value proposition (the win-win-win scenario). As identified in chapter 2's literature review, this discourse appeared to depict developments in the shift away from New Public Management (Hood, 1991) practices into the more pluralistic New Public Governance (Osborne, 2006) approach to commissioning. This is built on the belief that new social relations between different sectors leads to the collaboration of new ideas, which will in turn create positive social impacts. However, in the case of SIBs, when the value proposition is represented through a market logic, the VS lacks the legitimacy of economic weight compared to investor counterparts, resulting in a lack of significant agency for the VS, embedded from the outset of SIB development, as identified in chapter 8.

This lack of VS agency in the SIB market contradicts Salamon's theory (1987) that the adoption of third-party government would be a move away from hierarchic apparatus to the sharing of responsibilities, with a closer alignment of the VS with Government thus alleviating voluntary failures. VS literature over the last several decades identifies that one of the biggest challenges to the survival of the VS is its ability to maintain sufficient levels of resources to meet demand. The Q method and focus group findings identified that Salamon's (1987) 'philanthropic insufficiency' was as present as ever despite a significant increase in state funding opportunities for the VS over several decades (see chapter 3). Early SIB declarations of being a definitive answer to VS funding challenges (Del Giudice and Migliavacca, 2019) appear to have diminished.

Salamon's Voluntary Failure theory (1987) has provided an academic underpinning for the on-going complexities of VS-state inter-dependent relationship since it was first outlined.

However, what advocates of Salamon failed to identify is that third party governance only works if the Government is as open to collaboration as the VS (Bassi, 2023). Rather than developing new social relations, this research found that, for VS organisations, opting into SIB delivery was opting in to compete in a market which is constructed and controlled by the state. This study found significant challenges for VS organisations around local commissioners' ability and desire to truly collaborate and share elements of decision-making in social care. In 2015 Salamon and Toeplar acknowledged that the VS's current financial insecurity "seems almost endemic to contracting arrangements" (p.16).

SIBs assume, also at the core of Salamon's original voluntary failure theory (1987), that private and state institutions are efficient in comparison to the VS (Boettke and Prychitko, 2003). Yet in 2015, Salamon and Toeplar argue that the structure of government-nonprofit cooperation is undermining VS distinctive characteristics through bureaucratisation, over-professionalisation and stringent accounting requirements. These public sector administrative arrangements are elements which are front and central to the workings of SIBs as a funding mechanism. Findings from this study identified a sense from VS leaders that the overly cumbersome administrative procedures in current state commissioning practices (especially dominant in SIBs) and the desire to 'professionalise' the VS were in conflict with the working practices of VS organisations. In a sense, the state's strive for efficiency and a desire to reduce the VS's perceived '*philanthropic amateurism*' (Salamon, 1987) may "erode the distinctive roles and contributions that attract governments to partner with nonprofits in the first place" (Salamon and Toeplar, 2015, p.17).

VS Agency

In the case of SIBs, Salamon's original voluntary failure theory (1987) feels of its time, and evidence from the literature review and research findings contradicts the concept that the welfare state can support and effectuate the VS (Boettke and Prychitko, 2003). Knutsen (2012) identified that following just one theory for a sector which is increasingly multidimensional, such as Salamon's voluntary failure theory (1987), may not be realistic. What then is an alternative for scholars interested in understanding the VS and state relations?

Knutsen (2012) identified that a unique feature of contemporary VS organisations is the adaption to the institutional logics of state and market as a survival mechanism for VS organisations, particularly in terms of financial stability. Chapter 6 of this study highlighted that VS organisations were already operating in a highly marketised governance system, which continued to result in VS agents having to be responsive to the whims of state funding policies such as SIBs. However, chapter 7 also identified the lack of enthusiasm for SIBs by VS leaders, with an early VS SIB advocate from the exploratory interviews choosing to step away from state contracts altogether as these no longer aligned with the organisation's values (see chapter 8). SIB practitioners and commentators have reported that SIBs are not having as much impact on the ground as first thought and the value of investments is surprisingly low (Williams, 2019, Bell, 2021).

Lowndes (2009) identified that organisations have the agency to co-opt or deflect new initiatives where the institutional rules do not align with their operating environment. Through the study of SIBs, this research found that VS organisations were gaining back a sense of agency when delivering services on behalf of the state by opting out of funding mechanisms which felt too removed from their values or charitable mission. This is a potential sign of a shift in power dynamics; of the micro influencing the macro (Styhre, 2022), with VS deflection rather than co-option of SIBs resulting in a market struggling to achieve the scale envisioned. Rather than VS organisations blindly accepting that alignment with the state will alleviate VS challenges (as Salamon (1987) originally proposed), VS leaders could employ strategies to identify where tensions between institutional logics are likely to be the highest and therefore opt-out of Government policies where the logics behind a particular policy is in conflict with the VS organisation's own logics. As Brandsen, van de Donk and Putters (2015) put it, "changes in the logic of provision may put pressure on the broader institutional setting in which these organisations operate" (p.761). In the case of SIBs, as the market matures, further research on the embeddedness of the SIB market into the VS operating environment will answer this question.

9.4 Methodological Contributions

The academic literature on SIBs is still limited but it is growing, with scholars taking nuanced approaches and utilising different methods (Broccardo et al. 2019). My final contribution to knowledge in the growing academic field of SIBs and the VS is through the chosen methodological approach and my own positionality as an ‘insider researcher’. I am the managing director of a local charity in Sheffield: Chapter 5’s section on reflexivity, discusses at length my considered decision to lean into this insider status to add richer, more in-depth sector knowledge and ground-level reality to the research (Dean, 2017). Insider status can be criticised as a distorting lens that influences the research design and data analysis. This study took the stance that the researcher, particularly in social sciences, cannot stand abstract to their subject: a researcher’s ‘feel for the game’ (Dean, 2017) and insider status can be channelled to understand a subject matter more intimately or from a particular standpoint (Chavez, 2008). I therefore make no apologies for looking at SIBs through a personal lens influenced by the values, culture and experience of a VS leader, as that is the ultimate aim of this research: the literature review and frame analysis identified a lack of VS voice in the development of a SIB ecosystem and this thesis had the aim of elevating the VS perspective within discussions around SIBs.

Being in a position of both subject and observer of the subject has required a commitment to managing the line between researcher and the researched (Chavez, 2008). A mixed method approach was chosen, with the triangulation of data used as a research strategy to reduce confirmation bias (Greene, 2014). The texts selected for the frame analysis are written with VS leaders as one sector of the intended audiences, thus I was able to bring a great deal of insider knowledge which assisted the critical examination of the VS rhetoric of SIBs and the unearthing of the institutional logics driving the development of a SIBs market. The use of Q methodology was an intended methodological strategy to step back into the role of the observer through a systematic approach to understanding VS leaders’ subjectivity (Brown, 2008). My insider status was more prominent during the focus groups and interviews, creating a more natural approach that was emotionally attuned to VS leaders. This allowed a certain degree of understanding in how the institutional logics of SIBs are being reflected within my own professional field. As Greene (2014, p.10) puts it: *“Instead of worrying over whether one is too much of an insider or outsider, researchers should strive to be both. There*

is much to be gained from being close to one's research, as there is much to be gained from keeping one's distance and having an outside perspective."

My approach to research design, methodology and the theoretical framing found in chapter 4, will, I hope, justify my own reflexivity strategies for reducing the potential for confirmation bias. That being said, my closeness to the subject matter and my social relations with many of the participants in the research means I will always be open to questions of bias. As Dean (2017) outlines: "It [reflexivity] is about being clear and transparent, not in order to absolve the researcher from mistakes but to make the knowledge useful for other people to use." (p.75).

9.5 Challenges and Limitations

SIBs as an emerging field

The distinct field of 'social investment' has been growing rapidly since the 2008 global financial crisis (Nicolls, 2010). Nevertheless, SIBs are still a relatively new phenomenon, a market that is yet to mature, meaning empirical research at the time of writing was somewhat limited (Olson, et al.2022). Limitations in available academic research and the small-scale nature of this study reduced the ability to draw any definitive conclusions about the impact of SIBs on the VS at a national, meta-level. Because it is an emerging field, there have also been methodological challenges, particularly for chapter 6's frame analysis. As is often the case with new state sponsored models, SIBs are seen as 'novel' and, as such, interest in them has been growing (Warner, 2020). This study has been conducted over a period of five years with the frame analysis taking place relatively early in the research timeframe. There have been reports, assessments and evaluations added to the SIB 'grey' literature since the frame analysis was conducted, meaning that the text samples selected could appear as incomplete when viewed at a later date. But the aim of a frame analysis is to study a select number of texts that feel appropriate to the subject and period in question, rather than conducting a comprehensive review of all the literature.

Sheffield as a case

As discussed in chapter 5, Sheffield was selected as a case of interest due to a number of factors which would produce rich data (Silverman, 2005). An interpretive approach acknowledges that, by focusing on the single location of Sheffield, the study makes no claims of generalisability beyond the local VS organisations which participated in the case study. For the Q method and focus groups there was a strong reliance on recruitment of participants from current professional networks. Although there was an awareness to pro-actively promote the research opportunity through networks which would reach leaders across the local voluntary sector, self-selection has inevitably limited sample diversity. There are clearly avenues for further research with a broader spectrum of VS organisations and within different geographical locations.

Changing institutional landscape

Using an institutional lens, the research has focused on the impact to the VS of the development of a market for SIBs since the introduction of the first SIB in 2010 through to 2022. During this period several significant events have impacted Government priorities, policies and spending, notably the UK's exit from the European Union and the Covid-19 Pandemic (Macmillan, 2020). These national and global events have left a mark on the behaviours of institutions operating within the health and social care system. Institutional environments do not stand still. However, to fully understand the impacts of these phenomena on the SIB market and implications for the VS would require extensive and longitudinal research that is beyond the scope of this study. It promises fertile ground for future studies.

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Appendices

Appendix 1: Participant Information Sheet Exploratory Research

Title of Research Study: Social Impact Bonds and the implications for UK charities

This is an interim scoping activity, which will inform a wider doctoral study, to gain a deeper understanding of the experience and nature of charities who:

- have been engaged in developing a Social Impact Bond (SIB)
- started the process of developing a SIB but withdrew from taking the SIB through to live stage
- made an internal decision not to engage with a SIB or SIBs in general

The aim is to identify any common themes and factors that are contributing to charities engagement with the SIB market.

It is hoped that the information produced as part of this scoping activity and the wider doctoral study will be of benefit to organisation's considering Social Impact Bonds as a new form of income. It will help to increase the understanding of charities' experience and some of the barriers of developing SIBs. It is also hoped that findings will be beneficial to commissioners, investors and other stakeholders who are engaged in the development of SIBs. Please read the following information carefully before you decide whether or not to take part.

Participants, including the organisation they work for, will not be identified in the study.

Why have you asked me to take part?

I am interested in speaking with individuals from charities who have been part of discussions around SIBs and their organisation.

I am also interested in speaking with any wider stakeholders such as commissioners, investors or intermediaries who have worked alongside charities that withdrew from taking a SIB to live stage.

What will I be required to do?

You will be asked to talk about your experience of SIB internal discussions, development process, including any key drivers for a SIB not being progressed. Interviews should take no longer than 30 minutes.

The interview will be transcribed, with names or identifying information removed. It will be used for analysis by the researcher. You will also be given the opportunity to review the transcript, following the interview, should you wish to.

Where will this take place?

The interview can be conducted at your place of work or over the telephone to suit your requirements.

How will the data be used?

The data from your interview will be used to inform the student's the doctoral research project as well as presentations and academic publications. When presented in the form of quotes etc. the data will not contain any personally identifiable information about you such as your name or the name of your organisation.

Your express consent will be requested using a formal consent form where you will be able to state your preferences for how the information is used.

Will anyone be able to connect me with what is recorded and reported?

The student's supervisors will know who you are as part of their role in supervising the student's work. Neither the transcription nor any subsequent reports will contain any personal details of who you are or the name of your organisation. If there is a risk of harm to you or someone else, the researcher will be required to report this information to the relevant agency to provide assistance.

What will happen to my data during the study and once the study is over?

The data will be held securely either in a locked cabinet and/or password protected environment for the duration of the project. Data from the study may be retained by Sheffield Hallam University for up to 10 years after the study has finished and may be available to the public but only if it can be sufficiently anonymised to protect your identity. The only personal data we keep will be your signed consent form. We have to keep this for seven years from the end of the project, so we will keep it separately in a secure file for this length of time.

What if I do not wish to take part?

Participation is completely voluntary. You are not required to take part and should only do so if you feel comfortable to proceed. All questions are voluntary and you can decline to answer any questions.

What if I change my mind during the study?

You are free to withdraw from the study. Once the interview has been transcribed you will have up to 14 days to withdraw the information. After this time, the transcription may still be used for the study.

Can I ask more questions?

Yes, please speak to the student researcher (Josie) or email jsoutar@my.shu.ac.uk who will try to answer any further questions you may have.

What do I do if I have any concerns?

In the first instance you can contact either the student researcher or one of the supervisors for the student who will endeavour to assist you further. Further details on raising concerns are also detailed overleaf. The student's supervisors are:

Chris Dayson – c.dayson@shu.ac.uk

Ellen Bennett- Ellen.Bennett@shu.ac.uk

Peter Wells- P.Wells@shu.ac.uk

Or telephone (0114) 225 3073

PARTICIPANT INFORMATION SHEET: SUPPLEMENTARY INFORMATION

From 25 May 2018 the General Data Protection Regulation (GDPR) replaced the Data Protection Act and governs the way that organisations use personal data. Personal data is information relating to an identifiable living individual. Transparency is a key element of the GDPR and this Privacy Notice is designed to inform you:

- how and why the University uses your personal data for research,
- what your rights are under GDPR, and,
- how to contact us if you have questions or concerns about the use of your personal data.

Legal Basis for Research Studies:

The University undertakes research as part of its function for the community under its legal status. Data protection allows us to use personal data for research with appropriate safeguards in place under the legal basis of public tasks that are in the public interest. A full statement of your rights can be found at:

<https://www.shu.ac.uk/about-this-website/privacy-policy/privacy-notices/privacy-notice-for-research>.

However, all University research is reviewed to ensure that participants are treated appropriately and that their rights are respected. This study was approved by the student researcher's supervisors, following submission of an ethical approval form.

Contact Details:

Details of who to contact if you have any concerns or if adverse effects occur after the study are given below:

You should contact the Data Protection Officer if:

- you have a query about how your data is used by the University
- you would like to report a data security breach (e.g. if you think your personal data has been lost or disclosed inappropriately)
- you would like to complain about how the University has used your personal data

DPO@shu.ac.uk

You should contact the Head of Research Ethics (Professor Ann Macaskill) if you have concerns with how the research was undertaken or how you were treated.

a.macaskill@shu.ac.uk

Postal address: Sheffield Hallam University, Howard Street, Sheffield S1 1WB.

Telephone: 0114 225 555

Appendix 2: Exploratory Interview Guide

Stakeholder	Target	Enquiry
<p>Charities: started to develop SIB but withdrew before SIB became live</p> <p>Roles: Central to decision making and development of the SIB</p> <ul style="list-style-type: none"> - CEO - Business Development / Operations - Trustee 	<p>8</p> <p>Mix of sizes and geographical coverage</p>	<ul style="list-style-type: none"> • What were the main factors for the charity considering a SIB as a new source of finance? <ul style="list-style-type: none"> - new opportunity for responding to mission - innovation - partnership opportunities - expansion opportunity - felt they had to/ought to - imposed by commissioner • How far in the SIB development process did they get? <ul style="list-style-type: none"> - initial scoping - developing a model - engagement with commissioners/tender process - engagement with investors - SPV - full proposal • Did the commissioning process feel more collaborative? • How much resource was spent on the SIB? <ul style="list-style-type: none"> – Team involved – Job title/responsibility level of staff engaged in the process – Time period – Time in hours/days • Why did their SIB fail to become live? <ul style="list-style-type: none"> - scale and scope - other provider has taken forward - distribution of risk - unable to make financial case / realistic outcomes - board decision <p>Or</p> <ul style="list-style-type: none"> • What were some of the barriers to getting the SIB to sign-off stage?

		<ul style="list-style-type: none"> - See above - Did it feel more collaborative? • How was the decision made? <ul style="list-style-type: none"> - who was involved - any internal wranglings? • Would they be willing to engage in the development of a SIB again?
Investors: Worked with charities on the development of a SIB that didn't go live	2	<ul style="list-style-type: none"> • How many SIBs have they worked on that have failed to launch? • Are there any patterns in the development process where SIBs normally fail to get off the ground? <ul style="list-style-type: none"> - initial conversations - developing a model - engagement with commissioners/tender process - full proposal • Is there a preferred provider model for investors? <ul style="list-style-type: none"> - single provider SIBs - charities with previous SIB experience / expertise in social investment - charities with more structured data processes - organisation level / size
Commissioners	2	<ul style="list-style-type: none"> • What were the main factors for the commissioner considering a SIB as a new source of finance? <ul style="list-style-type: none"> - responding to particular area challenge - innovation - access to new finance / pump priming - risk minimisation - access to Government funding <ul style="list-style-type: none"> - More collaborative? • How far in the SIB development process did they get? <ul style="list-style-type: none"> - developing a business case - receiving government development funding - engagement with the market e.g. providers and investors - full proposal from providers • Why did their SIB fail to become live?

		<ul style="list-style-type: none"> - lack of provider interest / experience - to risky business case / distribution of risk - unable to make financial case / realistic outcomes
Intermediaries	1-2	<ul style="list-style-type: none"> • How many SIBs have they worked on that have failed to launch? • At what stage of the development process do SIBs normally fail? <ul style="list-style-type: none"> - initial conversations - developing a model - engagement with commissioners/tender process - full proposal • Is there a provider model that is more likely to succeed? <ul style="list-style-type: none"> - single provider SIBs - charities with previous SIB experience / expertise in social investment - charities with more structured data processes - larger charities

Appendix 3: Sample Signature Matrix for Frame Analysis

Document:

Date:

Author/publishing department:

Purpose:

Features	Explanation
Metaphors	Any key examples? What effect to they have? Points of interest?
Depictions	How are actors/organisations/sectors described or depicted?
Tone	Does the document strike an authoritative tone? Is it negative, aspirational, cautionary?
Imagery	Does the author incorporate particular images and if so, to what effect?
Ideology	Are there particular ideologies presented - are these assumed or explained? What effect do these have?
Catch-phrases	Particular terms used repeatedly - to what effect?
Assumptions made	What knowledge does the document take for granted? What does this tell you about the position of the document and its author?
What is the problem as articulated?	Is this clear? How is this presented?
Who is responsible?	Does the document make this clear?
What action should be taken?	What does the document suggest would solve the problem? Who should act?
Outcome	What might be the outcome if the action is taken as suggested?
Additional notes	

Appendix 4: Participant Information Sheet for Q Method and Focus Groups

Title of Research Study: Social Impact Bonds and the implications for UK charities

Invitation and Purpose:

This focus group forms part of a doctoral study, to gain a deeper understanding of the local context of Social Impact Bonds (SIBs).

The aim is to understand the implications for the Voluntary Sector (VS) of the use of Social Impact Bonds as a commissioning model in the UK

It is hoped that the information produced as part of this study will be of benefit to organisation's considering Social Impact Bonds as a new form of income. It will help to increase the understanding of charities' experience and some of the barriers of developing SIBs. It is also hoped that findings will be beneficial to commissioners, investors and other stakeholders who are engaged in the development of SIBs. Please read the following information carefully before you decide whether or not to take part.

Participants, including the organisation they work for, will not be identified in the study.

Why have you asked me to take part?

You have been identified as a Sheffield VS leader with an understanding of the operating environment for VS organisations. You do not need any prior knowledge of Social Impact Bonds before participating.

What will I be required to do?

There will be a pre-group exercise for you to individually complete that should last around 15 minutes. The focus group should last approximately for 1 hour. The focus group will involve 4-5 other VS leaders from Sheffield and will be a guided discussion seeking your views on the narratives that surround the involvement of VS organisations in the development and use of SIBs.

The discussion will be recorded and transcribed, with names or identifying information removed. It will be used for analysis by the researcher.

Where will this take place?

The focus group and online exercise will take place remotely, online.

How will the data be used?

The data from both the pre-group exercise and group discussions will be used to inform the student's doctoral research project as well as presentations and academic publications. When presented in the form of quotes etc. the data will not contain any personally identifiable information about you such as your name or the name of your organisation.

Your express consent will be requested using a formal consent form where you will be able to state your preferences for how the information is used.

Will anyone be able to connect me with what is recorded and reported?

The student's supervisors will know who you are as part of their role in supervising the student's work. Neither the transcription nor any subsequent reports will contain any personal details of who you are or the name of your organisation. Due to the focus group forming part of a Sheffield case study, complete anonymity cannot always be guaranteed as it is possible that somebody may identify you through the specificities of your role. However, the researcher will do everything to ensure that any sensitive information or comments are fully anonymised. If there is a risk of harm to you or someone else, the researcher will be required to report this information to the relevant agency to provide assistance.

What will happen to my data during the study and once the study is over?

The data will be held securely either in a locked cabinet and/or password protected environment for the duration of the project. Data from the study may be retained by Sheffield Hallam University for up to 10 years after the study has finished and may be available to the public but only if it can be sufficiently anonymised to protect your identity. The only personal data we keep will be your signed consent form. We have to keep this for seven years from the end of the project, so we will keep it separately in a secure file for this length of time.

What if I do not wish to take part?

Participation is completely voluntary. You are not required to take part and should only do so if you feel comfortable to proceed. All questions are voluntary and you can decline to answer any questions.

What if I change my mind during the study?

You are free to withdraw from the study. Once the focus group has been transcribed you will have up to 14 days to withdraw the information. After this time, the transcription may still be used for the study.

Can I ask more questions?

Yes, please speak to the student researcher (Josie) or email jsoutar@my.shu.ac.uk who will try to answer any further questions you may have.

What do I do if I have any concerns?

In the first instance you can contact either the student researcher or one of the supervisors for the student who will endeavour to assist you further. Further details on raising concerns are also detailed overleaf. The student's supervisors are:

Chris Dayson – c.dayson@shu.ac.uk

Ellen Bennett - Ellen.Bennett@shu.ac.uk

Peter Wells - P.Wells@shu.ac.uk

Or telephone (0114) 225 3073

PARTICIPANT INFORMATION SHEET: SUPPLEMENTARY INFORMATION

Legal Basis for Research Studies:

The University undertakes research as part of its function for the community under its legal status. Data protection allows us to use personal data for research with appropriate safeguards in place under the legal basis of public tasks that are in the public interest. A full statement of your rights can be found at:

<https://www.shu.ac.uk/about-this-website/privacy-policy/privacy-notice-for-research>

All University research is reviewed to ensure that participants are treated appropriately and their rights respected. This study has been approved by the University Research Ethics Committee (UREC). Further information can be found at:

<https://www.shu.ac.uk/research/ethics-integrity-and-practice>

Contact Details:

You should contact the Data Protection Officer if:

- you have a query about how your data is used by the University
- you would like to report a data security breach (e.g. if you think your personal data has been lost or disclosed inappropriately)
- you would like to complain about how the University has used your personal data:

DPO@shu.ac.uk

You should contact the Head of Research Ethics if:

- you have concerns with how the research was undertaken or how you were treated:

ethicssupport@shu.ac.uk

Postal address: Sheffield Hallam University, Howard Street, Sheffield S1 1WBT.
Telephone: 0114 225 5555

Appendix 5: Sample Participant Consent Form

Social Impact Bonds and the implications for UK charities

Please answer the following questions by ticking the response that applies

	Yes	No
1. I have read the Information Sheet for this study and / or had details of the study explained to me and understand that I may ask further questions at any point.
2. I understand that I am free to withdraw from the study without giving a reason. If I change my mind I should contact Josie Soutar (jsoutar@my.shu.ac.uk; 07583435515) up to 14 days after the focus group date. If I withdraw after this point then I understand that my data may be retained as part of the study.
3. I understand that I can withdraw from the focus group at any point or choose not to answer any particular questions.
4. Although comments and quotes from this focus group may be included in reports, your name will not be used. We will make every attempt to ensure your anonymity. However, complete anonymity cannot always be guaranteed as it is possible that somebody may identify you through the specificities of your role. We will ensure that any sensitive information or comments are fully anonymised.
5. I understand that my personal details such as my name will not be shared outside this project.
6. I agree that the data in anonymised form can be used for other research purposes (e.g. writing articles in journals).
7. I understand that the data from this study may be retained by Sheffield Hallam University for up to 10 years after the study has finished and may be available to the public (but only if it can be sufficiently anonymised to protect your identity).
8. I agree to take part in the focus group for the above study.
9. I agree for the focus group to be audio recorded and to quotes being used in writing. I understand my name won't be used.

If the researcher is taking verbal consent: "I confirm that verbal consent has been recorded and that the consent form, information sheet and privacy notice have been read/explained verbally to the participant" (researcher signs below).

Name of researcher

Signature

Date

.....

.....

.....

Appendix 6: Focus Group Guide

Study Aim: To understand the implications for the voluntary sector of the use of Social Impact Bonds as a commissioning model in the UK

Focus Group objectives:

1. Understanding the Sheffield context of VS engagement with SIBs
2. Identifying what institutional logics leaders attribute to the local VS
3. Comparing these logics to those that dominate the SIB literature
4. Positioning the local VS narrative within voluntary failure theory

Duration	Stage Objective	Interaction	Resources	Procedure
10 mins	<p style="text-align: center;">Lead-in</p> <p>Introduce the topic and outline focus group aim and objectives</p>	R → Ps	<p>Check consent forms are completed</p> <p>Recorder</p> <p>SIB Slide</p>	<ul style="list-style-type: none"> • R thank Ps for taking part – sent through the consent forms, any questions? • R clarifies why Ps have been asked to take part e.g. VS leaders • Brief overview of research interest and focus group purpose – clarify technical terms e.g. SIB – show slide with general overview of a SIB, including that investors seem to be valued for their expertise in measuring social outcomes as well as bringing finance • R clarify how time will be spent e.g. discussion on prepared questions, review of pre-group sentence activity • R explains ground rules e.g. want it to feel like a discussion so no need for hand-up function, being on mute, respect of opinions, confidentiality, recording and taking notes • Ps introduce themselves – clarify that I am here as a researcher and not in my other role as Flourish MD, won't be taking part in the discussion

10 mins	<p>Objective 1: Understanding the Sheffield context of VS engagement with SIBs</p>	<p>R → Ps Ps → R</p>		<ul style="list-style-type: none"> • R asks: what do people know about Social Impact Bonds as a VS funding mechanism? <ul style="list-style-type: none"> - Have you been involved in developing a SIB? - Were you aware of the £19m Life Chances funding that Sheffield City Council were successful in applying for?
10 mins	<p>Objective 2: Identifying what institutional logics leaders attribute to the local VS</p>	<p>R → Ps Ps → R</p>		<ul style="list-style-type: none"> • R asks: SIBs are often described as bringing together the strengths and expertise of the statutory sector, private sector and voluntary sector. What do you think are the strengths or motivations for VS organisations getting involved in SIBs? <ul style="list-style-type: none"> - Are SIBs the only way for strengths to be highlighted or of achieving the motivations?
25 mins	<p>Objective 3 and 4: Comparing these logics to those that dominate the SIB literature Positioning the local VS narrative within voluntary failure theory</p>	<p>R → Ps Ps → R</p>	<p>Share sentence activity – collated responses if possible</p>	<ul style="list-style-type: none"> • R: Before taking part in the focus group, I asked you to complete an activity that ranked different sentences in terms of how much you agreed with the statement. Many of the statements were a representation of the narratives that surrounds the development and use of SIBs, particularly VS engagement. I'd like us to unpick some of these themes a bit further. <p>One of the narratives from the literature is about the identity of the VS and the role VS organisations should play within a SIB structure:</p> <ul style="list-style-type: none"> - Innovation, flexibility and tailoring services to meet peoples needs are key VCS strength - Social problems are too costly for the state alone - SIBs enable more collaboration with commissioners, a more equal playing field - Being seen as socially driven businesses rather than charities

				<p>One of the strong narratives focuses on the VS needing to change:</p> <ul style="list-style-type: none"> - Evidence and social impact - Learning from private sector / being more business-like / trading - Financial incentives - Reliance on grants and donations is bad - Opportunity for growth and scaling up
				<p>One of the theories of why it is so important that the VS collaborates with Government is that this can go some way to alleviating certain failures that are inherent to the VS:</p> <ul style="list-style-type: none"> - Lack of consistent resources - Lack of professionalism, over reliance on volunteers - Paternalistic – - Duplication – <p>Why do we think the VCS does exist? –</p>
5 mins	Review and Round-up	R → Ps		<ul style="list-style-type: none"> • R thank again Ps for taking part • Explain how data will be used

Appendix 7: Participant Information Sheet for Interviews

Title of Research Study: Social Impact Bonds and the implications for UK charities

Invitation and Purpose:

This interview forms part of a doctoral study, to gain a deeper understanding of the local context of Social Impact Bonds (SIBs).

The aim is to understand the factors that led to a proposed SIB failing to get off the ground.

It is hoped that the information produced as part of this study will be of benefit to organisation's considering Social Impact Bonds as a new form of income. It will help to increase the understanding of charities' experience and some of the barriers of developing SIBs. It is also hoped that findings will be beneficial to commissioners, investors and other stakeholders who are engaged in the development of SIBs. Please read the following information carefully before you decide whether or not to take part.

Participants, including the organisation they work for, will not be identified in the study.

Why have you asked me to take part?

I am interested in speaking with the key stakeholders of the Sheffield complex needs SIB who were successful in their initial bid for the services and began negotiations with the commissioners.

I am also interested in speaking with any of the wider stakeholders such as the commissioners or local authority officials who worked on developing and commissioning SIBs.

What will I be required to do?

You will be asked to talk about your experience of the SIB development process, including any key drivers for the SIB not being progressed. Interviews should take no longer than 30 minutes.

The interview will be transcribed, with names or identifying information removed. It will be used for analysis by the researcher. You will also be given the opportunity to review the transcript, following the interview, should you wish to.

Where will this take place?

The interview can be conducted at your place of work or virtually using Microsoft Teams to suit your requirements.

How will the data be used?

The data from your interview will be used to inform the student's doctoral research project as well as presentations and academic publications. When presented in the form of quotes etc. the data will not contain any personally identifiable information about you such as your name or the name of your organisation.

Your express consent will be requested using a formal consent form where you will be able to state your preferences for how the information is used.

Will anyone be able to connect me with what is recorded and reported?

The student's supervisors will know who you are as part of their role in supervising the student's work. Neither the transcription nor any subsequent reports will contain any personal details of who you are or the name of your organisation. Due to the interview forming part of a Sheffield case study, complete anonymity cannot always be guaranteed as it is possible that somebody may identify you through the specificities of your role. However, the researcher will do everything to ensure that any sensitive information or comments are fully anonymised. If there is a risk of harm to you or someone else, the researcher will be required to report this information to the relevant agency to provide assistance.

What will happen to my data during the study and once the study is over?

The data will be held securely either in a locked cabinet and/or password protected environment for the duration of the project. Data from the study may be retained by Sheffield Hallam University for up to 10 years after the study has finished and may be available to the public but only if it can be sufficiently anonymised to protect your identity. The only personal data we keep will be your signed consent form. We have to keep this for seven years from the end of the project, so we will keep it separately in a secure file for this length of time.

What if I do not wish to take part?

Participation is completely voluntary. You are not required to take part and should only do so if you feel comfortable to proceed. All questions are voluntary and you can decline to answer any questions.

What if I change my mind during the study?

You are free to withdraw from the study. Once the interview has been transcribed you will have up to 14 days to withdraw the information. After this time, the transcription may still be used for the study.

Can I ask more questions?

Yes, please speak to the student researcher (Josie) or email jsoutar@my.shu.ac.uk who will try to answer any further questions you may have.

What do I do if I have any concerns?

In the first instance you can contact either the student researcher or one of the supervisors for the student who will endeavour to assist you further. Further details on raising concerns are also detailed overleaf. The student's supervisors are:

Chris Dayson – c.dayson@shu.ac.uk

Ellen Bennett - Ellen.Bennett@shu.ac.uk

Peter Wells - P.Wells@shu.ac.uk

Or telephone (0114) 225 3073

PARTICIPANT INFORMATION SHEET: SUPPLEMENTARY INFORMATION

Legal Basis for Research Studies:

The University undertakes research as part of its function for the community under its legal status. Data protection allows us to use personal data for research with appropriate safeguards in place under the legal basis of public tasks that are in the public interest. A full statement of your rights can be found at:

<https://www.shu.ac.uk/about-this-website/privacy-policy/privacy-notice-for-research>.

However, all University research is reviewed to ensure that participants are treated appropriately and that their rights are respected. This study was approved by the student researcher's supervisors, following submission of an ethical approval form.

Contact Details:

Details of who to contact if you have any concerns or if adverse effects occur after the study are given below:

You should contact the Data Protection Officer if:

- you have a query about how your data is used by the University
 - you would like to report a data security breach (e.g. if you think your personal data has been lost or disclosed inappropriately)
 - you would like to complain about how the University has used your personal data
- DPO@shu.ac.uk

You should contact the Head of Research Ethics (Professor Ann Macaskill) if you have concerns with how the research was undertaken or how you were treated.

a.macaskill@shu.ac.uk

Postal address: Sheffield Hallam University, Howard Street, Sheffield S1 1WBT.

Telephone: 0114 225 555

Appendix 8: Interview Guide

Stakeholder	Role	Enquiry
<p>NHS</p> <p>VS x 2</p>	<p>Successful bidders for providers of proposed SIB</p>	<ul style="list-style-type: none"> • Tell me about the SIB you were involved in developing and what your role was? <ul style="list-style-type: none"> - background to SIB - clarity on individuals' role • Did you know anything about Social Impact Bonds before Sheffield City Council issued the tender? <ul style="list-style-type: none"> – Engagement in any consultation – Understanding of SIB market – SIB model or a focus on the social aspect • How far in the SIB development process did they get? <ul style="list-style-type: none"> - initial scoping - developing a model - engagement with commissioners/tender process - engagement with investors - SPV - full proposal • Did the commissioning process feel more collaborative? • I understand this was a partnership, how involved was your organisation in choosing the SIB partners? • How much resource was spent on the SIB? <ul style="list-style-type: none"> – Team involved – Job title/responsibility level of staff engaged in the process – Time period – Time in hours/days • Why did the SIB fail to become live? <ul style="list-style-type: none"> - scale and scope / complexity - challenge with the partnership model - distribution of risk - unable to make financial case / realistic outcomes - commissioner decision

Commissioner	Built vision of utilising SIBs and successfully applied for Government's Life Chances Fund	<ul style="list-style-type: none"> • Would you consider developing a different SIB after your experience? • What were the main factors for Sheffield City Council considering a SIB as a new source of finance? <ul style="list-style-type: none"> - responding to particular area challenge - innovation - access to new finance / pump priming - risk minimisation - access to Government funding <ul style="list-style-type: none"> – More collaborative? • How far in the SIB development process did they get? <ul style="list-style-type: none"> - developing a business case - receiving government development funding - engagement with the market e.g. providers and investors - full proposal from providers • Why did only 1 SIB out of a proposed 5 manage to make it to delivery stage? <ul style="list-style-type: none"> - lack of provider interest / experience - too risky business case / distribution of risk - unable to make financial case / realistic outcomes
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