

Financialization as Welfare

Philipp Golka

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Social Impact Investing and British Social
Policy, 1997-2016

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*For my father Jan.
In loving memory.*

Foreword

Since the turn of the century, social impact investing (SII) has been emerging as a new branch of sustainable investing. SII investors focus on the impact their investments have—not only the financial return on investment but also the “social impact” their investments entail. Put differently: in what way does the investment indeed improve the situation of the persons concerned? This question is particularly intriguing, as in the case of SII financial market instruments are employed to solve social problems. Ideally, both aspects turn out well: with the investment, the social as well as the financial goals are reached.

While many SII researchers analyze the measurement or analysis of the social impact in question, Philipp Golka focuses on another aspect. He asks, how, and in what way SII as a financial market instrument fits into the existing welfare state institutions, or disrupts, or even replaces them. Is SII a case of financialization in which a normatively “good” endeavor by way of its involvement with and in the financial market becomes financialized and concurrently financializes the welfare state? Or, as Golka puts it: are we living in a world that is increasingly dominated by financial actors?

To address this question, Golka argues, based on a review of empirical research, that a crucial—and often overlooked—tipping point in financialization processes is the emergence of cooperative relations between financial and nonfinancial actors. He uses the empirical material at first to show that his conception of financialization is adequate to describe the empirically observed process but also to find a mechanism capable of explaining the emergence of such ties. Here, he shows an important gap in institutional and financialization theories, namely the structuring role of field-level, background conditions for the acceptance of innovative frames. The solution he proposes draws competently on current and classic views of pragmatism while remaining well-suited for future empirical research.

Golka’s book makes manifold contributions on several levels. It contributes to the debate about financialization; it advances our theoretical understanding of fields, frames, and resonance spaces; it offers a unique insight into the financialization of SII and the British welfare state; and it makes a contribution to public sociology by

discussing the merits and pitfalls of SII and offers reflexive knowledge for SII proponents and researchers.

Golka's book is a very compelling work of excellent quality. Each part is finely drafted, well-founded in its approach, rich in material, fine-grained in its analysis, rigorous in its argumentation, consistently presented, superbly verbalized, and deeply insightful. It is also a very courageous work as it tackles theories, methods, and empirical objects in an intrepid way. In an excellent manner, Golka not only deeply penetrates theories, methods, and empirical objects, but he also convincingly connects and relates them to each other. Reading the book is both an intellectual joy and satisfying intellectual work.

Jena, Germany
November 2018

Stefanie Hiß

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My family is the foundation upon which all of this has been built. I have never felt this more strongly than since the tragic loss of my father earlier this year. I would like to dedicate this book to him.

Jena, Germany
November 2018

Philipp Golka

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Abbreviations

ACEVO	Association of the Chief Executives of Voluntary Organisations
BSB/BSC	Big Society Bank/ Big Society Capital
CDFI	Community Development Financial Institution
CEO	Chief Executive Officer
CIC	Community Interest Company
CITR	Community Investment Tax Relief
CoSA	Prime Minister’s Council on Social Action
CUA	Commission on Unclaimed Assets
DTI	Department of Trade and Industry
DWP	Department of Work and Pensions
EU	European Union
ICRF	Investment and Contract Readiness Fund
IGU	Internal Governance Unit
IPO	Initial Public Offering
NESTA	National Endowment for Science, Technology and the Arts
NEET	Individual Not in Employment, Education, or Training
NGO	Non-governmental Organization
NHS	National Health Service
NSI	New Sociological Institutionalism
OTS/OCS	Office of the Third Sector/Office for Civil Society
PbR	Payment by Results
PFI	Private Finance Initiative
PSA	Public Service Agreement
SAF	Strategic Action Field
SE	Social Enterprise
SEL	Social Enterprise London
SIFI	Social Investment Finance Intermediary
SII	Social Impact Investing

SITR	Social Investment Tax Relief
UK	United Kingdom
US	United States of America
VAT	Value-Added Tax
VCS	Voluntary and Community Sector

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