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| **How to promote social procurement in your organisation**  This is the twelfth fact-sheet about recent international peer-reviewed social procurement research undertaken at University of Technology Sydney.  This fact sheet summarises a project which explored how pioneering champions of social procurement in the construction industry are promoting these policies in their organisations.  The results of this research summarised below have been published in a number of international peer-reviewed papers which are listed in the footnote of this factsheet.  Please feel free to distribute this factsheet to anyone who may be interested.  Professor Martin Loosemore  University of Technology Sydney  <https://profiles.uts.edu.au/Martin.Loosemore> |
| **Why the studies**   * Social procurement policies are growing in number and ambition in Australia and in many other parts of the world. * Governments of all political persuasions are embracing the notion of cross-sector collaboration as a way to tap-into external resources, relationships and expertise to jointly tackle intransigent social problems such as Indigenous disadvantage. * Many social procurement polices target the construction industry because of the large amount of government spending on this sector and because of the untapped potential to leverage construction and infrastructure spending to help address such problems. * Yet research points to significant resistance to the implementation of these policies into the construction industry. This resistance is embedded in deeply ingrained cultures, norms, relationships and practices which are protected, supported and reinforced by existing industry institutions. * Given the increasing importance of social procurement targets in government tender decisions, companies which can overcome this resistance and create a sense of enthusiasm to engage, can create significant competitive advantage for their organisations.   **Aim**   * The aim of this research was to investigate the backgrounds, motivations, practices and strategies of the social procurement champions who pioneering the implementation of these policies into the construction industry. * This research was one part of a larger three-year Australian Research Council project Sponsored by Multiplex, Heyday Group, Blacktown City Council and yourtown which explored the potential of social procurement in construction to address Australia’s intransigent youth unemployment problem. * The research asked six key questions:  1. *What are the drivers of social procurement in construction organisations?* 2. *What motivates people to become champions of social procurement in construction companies?* 3. *What is the nature of these evolving roles in construction companies?* 4. *What is the nature of these evolving roles in the construction industry and how do they fit into existing organisational structures?* 5. *What are the attributes of effective social procurement champions?* 6. *How do social procurement champions build support to achieve their vision?* |

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| **What we did**   * Interviews were conducted with 16 people who are widely recognised as being pioneering champions of social procurement in the Australian construction industry. |
| **What we found**  **Research question one: What are the drivers of social procurement in construction organisations?**  When asked what was driving social procurement within their business the main themes which emerged are outlined below.  *Client requirements*  All respondents identified clients as a major driver of social procurement (most ranking it first). However, these drivers were mainly restricted to larger projects and government clients, apart from a few socially responsible private clients. While respondents indicated that private clients were mostly focussed on low price and unlikely to engage with social procurement at the present time. The results nonetheless point to a significant and untapped source of new competitive advantage for construction firms if they can shape the conversation with private clients and communicate the power of social procurement to contribute to their growing CSR imperatives. This is especially relevant in the context of recovering economically and socially from COVID-19.  *External regulations and competitive pressures*  Unsurprisingly, given the focus on government clients, the second most common theme related to compliance with emerging government social procurement regulations. Additionally, many respondents noted that some public sector clients (such as health departments) were independently developing their own social procurement policies which added another layer to these increasingly demanding regularly targets. Interestingly, respondents noted that firms were seeing regulatory requirements as a minimum standard and competing to exceed them to win work. It was clear that there is a high level of awareness of what competitors were doing.  *Senior management leadership*  Senior management leadership was also seen as a critical driver of social procurement by most respondents. A number of respondents highlighted the ‘spiritual’ legacy of inspirational leaders (both past and present) whose personal values could be leverage as a source of referent power to implement social procurement. Our findings highlight the important reference point which corporate values provide to our respondents and the critical role of senior leadership in bringing those values to life. In other words, our results draw an important distinction between organisational climate and organisational culture and show that corporate value statements are ineffective if they are not seen to be endorsed and enacted by senior management support and action.  *Corporate citizenship*  Numerous respondents talked about wanting to ‘leave a positive legacy’, or ‘do the right thing’. Respondents also noted the sense of corporate citizenship that social procurement could develop within organisations by exposing employees to the lives of disadvantaged people with whom they would not normally interact. The data indicated that the sense of corporate citizenship was heightened by the COVID-19 pandemic and the potential value of social procurement to help the community recover.  *Competitive advantage*  Our findings indicate that social procurement is becoming an important new dimension in construction industry competitiveness. Respondents indicated that social procurement offered the opportunity to differentiate themselves in the market place. However, our results also showed a high level of similarity in social procurement strategies with most respondents placing strong emphasis on outsourcing social procurement to social enterprises and Indigenous businesses. It was the relational depth and trust imbedded in their relationships which appeared to be the key differentiator in what they all perceived to be a high-risk environment of immature organisations with highly variable performance. Our results portray an uncertain and emerging field of practice being shaped by new construction professionals from a wide variety of backgrounds engaging in ongoing ‘institutional work’ to create and legitimize new roles, routines and relationships around social procurement in their organizations.  *Employee engagement and diversity*  Reflecting insights in wider CSR research, and adding a new generational perspective and human resource dimension to the social procurement debate, respondents also pointed to potential employee engagement benefits of social procurement. Challenging intransigent notions of ideal construction workers in the construction industry, respondents also talked about the opportunities which social procurement offered to diversify the construction industry and address anticipated skills and labour shortages by broadening recruitment from non-traditional sources of labour.  *Reputation*  Numerous respondents talked about the potential commercial and marketing benefits of social procurement. Others distanced themselves from these benefits, recognising the potentially counter-productive impact such an approach could produce - particularly in Indigenous communities who may perceive this approach to be form of colonisation, commoditisation and exploitation of disadvantaged groups targeted by these policies.  **Research question two: What motivates people to become champions of social procurement in construction companies?**  When asked about the motivation to champion social procurement within their organisations, the main themes which emerged are outlined below:  *Opportunity to make a difference*  All respondents articulate a strong desire to ‘make a difference’ to the communities in which their organisation’s built and to change negative stereotypes about the disadvantaged people social procurement policies were designed to help. This deep sense of altruism was often based in personal exposure to disadvantage and involvement in charity, community and voluntary activities and social activism.  *Opportunity to leverage the power of business to make change*  Most respondents had come to their roles through a diverse range of non-construction pathways, either through involvement in social enterprises, not-for-profits, government, charities, social purpose intermediaries or unions. Many respondents recounted their frustrations of lacking power and resources to affect change in their previous lives and the opportunity afforded by the power of business to address systemic social problems in new and innovative ways, which government or not-for-profits could not achieve by working alone. However, they were also realistic about the challenges they faced. Most respondents expressed frustration at the relative lack of priority given to social issues in construction businesses, the need to resolve competing institutional goals in their organisations at an operational level and the difficulties in measuring and reporting the impact of their work in a relevant way.  *Supporting third sector capacity building in the third sector*  Given the third-sector backgrounds of numerous respondents, many were motivated by the prospect of being able to support third-sector capacity building in this area. Most respondents raised concerns about the inability of social enterprises and Indigenous businesses to grasp the opportunities afforded by these new policies, raising new questions about how the industry best supports third-sector capacity-building to ensure the sustainability of social procurement requirements. The findings indicate that social procurement champions retain strong relational ties and loyalties back into their previous professional lives and that these background shape the approach they take to meeting these new requirements in their organisations. It follows that if social value continues to become an increasing source of competitive advantage in construction, the choice of social procurement champion will be critical in a firms’ differentiation strategy and should be considered very carefully.  **Research question three: What is the nature of these evolving roles in construction companies?**  When asked to describe their job in terms of social procurement the main themes that emerged are outlined below:  *Inspiring people*  Most respondents agreed that in the absence of clearly defined roles there was necessarily a large inspirational element to their job. Respondents relied heavily on their passion to persuade others to engage with their cause to support the ‘disadvantaged’ groups targeted by social procurement policies. However, to be effective, respondents agreed that this had to be coupled with pragmatic honesty and concrete examples of what was achievable in practice.  *Cross-functional working and linking to communities*  Respondents also articulated the importance of being able to work concurrently across organisational teams and levels within their organisations at operational, tactical and strategic level. Respondents repeatedly referenced functions such as human resources, corporate social responsibility, sustainability, procurement, bidding and project management, as key internal stakeholders in promoting social procurement.  *Developing culturally appropriate narratives, languages and practices*  A number of respondents noted that their roles also involved developing and encouraging appropriate ‘narratives’ and ‘culturally appropriate practices’ to provide a common vocabulary to talk about social value which could also help them connect the various stakeholders with which they worked.  *Challenging institutions and existing incumbent relationships*  Respondents described a very traditional industry with strong institutional norms, practices and notions of value that needed to be challenged in order to implement social procurement. Construction unions were seen to be a barrier to social procurement because those targeted by these policies were typically non-union members and employed on contracts outside union negotiated bargaining agreements.  *Changing perceptions of value*  Respondents widely articulated the need to challenge deeply rooted perceptions of ‘value’ which were largely economic and broaden narrow assumptions about the construction industry’s raison d'être, to include building communities as well as structures.  *Managing risk*  Risk management was a recurring theme in the data because the people and businesses targeted by social procurement were widely perceived to be a significant risk rather than opportunity to many in the industry.  *Learning, educating, experimenting and innovating*  Respondents highlighted an important educational component to their roles. However, respondents also agreed that this education needed to be experiential rather than abstract and conceptual and that it also needed to extend to supply chains since this is where the majority of people in construction are employed and where the greatest resistance is likely.  *Building trust and relationships*  While demonstration projects and practical examples of success were described as common strategies to alleviate stakeholder perceptions of risk, most respondents relied on building and nurturing relationships to facilitate change. Relationships were described as the connective tissue linking people, resources and commitment together. Interestingly, many respondents talked about the challenges of building trust in a project-based context where both internal and external stakeholders are constantly changing.  While each respondent brought their own relational capital to their role from their own unique background, many new relationships were being forged which involved large amounts of time to be invested, often outside formal work hours. This raised interesting and important questions about work-life balance in the lives of social procurement champions, although most see their roles as a cause rather than a job and considered it a worthwhile investment in developing their new roles.  **Research question four: What is the nature of these evolving roles in the construction industry and how do they fit into existing organisational structures?**  When asked this question, respondents highlighted the unstructured, evolving, explorative and inherently creative nature of their roles. These themes are outlined below:  *Unstructured, evolving, explorative and creative*  Our research could uncover no template or consistent job description for social procurement professionals. Rather our respondents described the evolving and unstructured nature of their jobs and a high degree of role ambiguity and role strain in combining their roles with other ‘mainstream’ roles such as sustainability, corporate social responsibility, employee relations and human resource management. Role strain occurs when there are incompatible demands and expectations placed upon a person relating to their job or position and raising concerns for the future of the evolving profession, has been linked to burnout and role stress and increased staff turnover.  In dealing with this ambiguity, our respondents described the need for high levels of innovation and creativity and working many extra-curricular activities and long hours of unstructured work.  Respondents came from a wide range of professional backgrounds agreed that in order to address these challenges, social procurement required a new rather than a hybridised role with a unique combination of knowledge, skills and attributes which did not exist in any existing organisational role in construction like project management, CSR, communications, human resource management and sustainability. This was largely attributed to the need to work across many sectoral boundaries and a large number of stakeholder groups. Our respondents noted that the lack of role definition created opportunities for opportunistic behaviour by disingenuous people who were more interested in the opportunities it offered to promote their career than the disadvantaged people it was meant to help.  All respondents said they spent a considerable amount of time building relationships and connecting people often through involvement in extracurricular activities such as membership on boards of not-for-profit organisations or community groups. It was through new connections that new forms of shared value would be created to compensate for the lack of dedicated resources in their own organisations. These carefully nurtured relationships (often carried forward from other projects or professional lives) provided the respondents with quick access to social capital and provided new ways to access untapped resources which were not available through formal mechanisms within their own organisations. In the absence of formal authority and significant role ambiguity and clarity, our respondents were almost entirely dependent on the nature and strength of their relationships (social capital) and their willingness to genuinely collaborate, to bring about change, highlighting the critical importance of relationship building in the social procurement function.  **Research question five: What are the attributes of effective social procurement champions?**  When asked about the attributes of effective social procurement champions a wide range of attributes were listed by our respondents reflecting the hybrid and multidimensional nature of the role.  The findings illustrate how challenging the role is and highlight ten main attributes which can be used to inform job descriptions for these important positions in the future:   1. Humility (to acknowledge and respect the inequity, history, disadvantage and vulnerability of the people they seek to help) 2. Authenticity (to genuinely represent the interests of those they seek to help) 3. Compassion, empathy and cultural sensitivity (for the disadvantaged people social procurement policies target 4. Relational competency (capacity to build and sustain collaborative relationships) 5. Creativity, innovation and opportunistic mindset (to make the most of limited resources and connect people and organisations in new ways to release untapped sources of social value). 6. Passion, character, resilience and courage (to overcome resistance and stick to beliefs) 7. Intuition born through experience and experimentation (to identify good enablers and collaborators was also important). 8. Patience and flexibility (in sensitively navigating and incrementally changing incumbent logics and relationships) 9. Cross-sector knowledge (forming value-adding connections between different sectors to create new forms of shared value) 10. Extrovert and good communicator (persuading and inspiring people and opening shut doors)   Importantly, given the Indigenous focus of social procurement in Australia, cultural connections with Indigenous communities was seen as important to avoid accusations of colonialization through these policies. This was seen as challenging if one did not come from an Indigenous background.  **Research question six: How do social procurement champions build support to achieve their vision?**  In responding to this question, five main themes emerged in the data which are outlined below:  *Demonstrating value to the business and building credibility*  All respondents indicated the importance of referring to the competitive advantage which social procurement can bring. Tapping into the highly competitive nature of construction, references to what competitors were doing was a particularly powerful way to persuade people to engage.  All respondents agreed that social procurement had to deliver demonstrable value to industry incumbents – not only social value but traditional forms of value such as productivity, efficiency, quality and safety. In many ways, organisations and people employed through social procurement has to meet higher levels of evidence and value than those who are traditionally procured.  However, challenges in measuring and demonstrating value generated through social procurement (especially social value) made this difficult.  *Incremental change at a project level*  Many respondents pointed to the importance of incremental rather than radical innovation through demonstration projects which illustrate the viability and benefits of social procurement at a project level.  Demonstration projects required the support of sponsors who were generally project managers willing to take a risk and deploy resources on their project to support social procurement. Our respondents widely agreed that being realistic and simplifying the process was also important.  *Building strategic alliances*  Given the importance of sponsorship, all respondents noted the importance of alliances with other like-minded people and senior managers in persuading others to come-on board. Most were strategic in their alliances in targeting like-minded and courageous senior managers with the power and resources to facilitate change at a broader organisational level.  *Democratising social procurement*  Many respondents talked about the dangers of creating a fiefdom and the importance of ‘normalising’ social procurement by empowering and helping people to understand their own agency in bringing about change and come forward with their own ideas which they can own and promote. The champion then becomes an orchestrator of other people’s ideas and social procurement is driven from the inside-out rather than the outside-in.  *Celebrating success and leveraging the power of stories*  Many respondents talked about the importance of collectively celebrating successes and leveraging the power of stories in engaging people emotionally with the implementation of social procurement. Stories are more powerful and ‘sticky’ than statistics in developing and cementing shared norms and values, trust, commitment and emotional connections to the disadvantaged people targeted by social procurement. Within organisations, stories become most powerful at lower operational levels where connections with externally imposed social procurement policy targets are less evident to individuals who need to change. However, the use of stories raises new ethical questions for social procurement professionals around the collection and sharing of the stories of vulnerable people for the purpose of promoting these policies in their businesses. Nevertheless, while stories are powerful, they did not work with everyone and respondents also recognised the commercial reality of operating in construction and the need for harder coercive strategies if softer emotive strategies didn’t work.  *Collective responsibility*  Respondents talked about the importance of building a community of support and a sense of collective responsibility for social procurement in their organisations. Most respondents talked about making themselves redundant and making social procurement a normal part of everyday practice. Clients, CEOs, directors, senior managers, project managers/directors, site managers and subcontractors, third sector organisations, charities, not-for-profit organisations, training and education organisations, government departments and community groups were all identified as important stakeholders, highlighting the relational complexity of social procurement roles. The importance of project-based sponsors was especially relevant in a project-based industry which places enormous decision-making power and responsibility in the hands of those who manage projects.  **What this means**  This research shows that organisations in the construction industry are adopting a multitude of different approaches to implementing social procurement policies.  The people who are stepping-up to implement these policies are driven by a variety of different motives and come from a wide variety of different backgrounds.  In the absence of any research evidence and best practice case studies and guidance, these champions rely on their previous connections and knowledge to shape their individual implementation strategies.  Most are inventing their roles as they learn, often in an organisational vacuum where there is no formal recognition, resources or management support.  Our results indicate that these emerging roles need to be formalised, resourced and supported if organisations are going to position themselves favourably to take advantage of this new currency in construction business transactions.  As happened in the field of sustainability, there also needs to be much more investment in education and research to develop a body of knowledge to drive innovation and learning to underpin the future development and professionalisation of these emerging and critically important roles in the construction industry. |
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