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| **How to develop an effective social procurement strategy** This is the thirteenth fact-sheet about recent international peer-reviewed social procurement research undertaken at University of Technology Sydney (UTS). This fact sheet summarises some insights into social procurement strategy development from three books published in UTS on ‘Social value’, ‘Social enterprise’ and ‘Responsible Corporate Strategy’ in the built environment industry. Please feel free to distribute this factsheet to anyone who may be interested.Professor Martin LoosemoreUniversity of Technology Sydney<https://profiles.uts.edu.au/Martin.Loosemore> |
| **Why the studies*** Organisations which tender for public sector work in the construction and wider built environment industry are grappling with an increasingly complex and overlapping array of social procurement policies at Federal, State, Local and government agency levels.
* There is little evidence-based guidance on how to develop an effective social procurement strategy and how to communicate and measure its impact.

**Aim*** The books aimed to critically review the existing research literature on social procurement, social value and corporate social responsibility in the built environment industry.

**What we did** * The books reviewed the international peer-reviewed research literature on social value, social enterprise and social procurement and presented detailed case studies through documentary analysis and interviews with key thought-leaders, social entrepreneurs and social intrapreneurs in the international built environment industry.
* By merging this academic and practical knowledge the aim of the books was to separate the rhetoric from the reality and produce evidence-based recommendations for the development of effective strategies in these increasingly important areas of industry practice.

**What we found** * Social procurement is an innovative approach to purchasing and procurement which involves strategically leveraging your purchasing power to drive positive social change (social value) in the communities in which you operate to meet your organisation’s social responsibility objectives.
* While major advances have been made in economic and environmental accountability in recent decades, social value accounting and communication practices have remained under-developed.
* All organisations in an organisation’s supply chain create (and destroy) social value in their ‘normal’ operations in many different ways. Social procurement involves requiring business partners and supply chains to commit to measurable targets in any of these areas (targets can be specified by governments or clients or volunteered by suppliers). These areas include:

 *# Community involvement and development* – includes social value created from activities such as: community engagement; supporting local charities and causes; being a good neighbour and; providing training, employment and business opportunities for equity-deserving groups and community members and local businesses through local purchasing and employment.*# Respecting Human rights* – includes social value created from activities such as: establishing fair mechanisms for promoting human rights; equity and diversity policies; respecting individuals’ rights to freedom of association, opinion and expression; and respecting economic, social and cultural rights.*# Fair Labour practices* – includes social value created from activities such as: providing a just, safe and healthy work environment for employees which involves: good wages and working conditions such as pensions, holidays, work- life balance, sick pay and social protection; supporting dialogue between employers and employees; and providing opportunities for human resource development.19*# Environmental initiatives* – includes social value created from activities such as: pollution prevention; emissions reduction; use of sustainable renewable resources; life- cycle management; using environmentally sound technologies and practices; and sustainable procurement.*# Fair operating practices* – includes social value created from activities such as: respecting the law; practicing accountability and fairness in business relationships; social procurement; and responsible sourcing.*# Consumer care* – includes social value created from activities such as: providing healthy and safe products; giving accurate information about products and services; promoting sustainable consumption; designing products which can be reused, repaired or recycled; reducing packaging waste; and protecting consumer privacy when handling personal data.*# Effective governance* – includes social value created from activities such as: accountability and transparency in decision making; respecting laws; responsible use of financial, natural and human resources; considering all key stakeholders in decision making including minority groups; monitoring and reporting of business’ activities, both positive and negative.* In simple termssocial procurement involves adopting a combination of the following strategies:

*# Direct procurement of products and services from social benefit organisations*. These organisations include: social enterprises, Indigenous businesses, disability enterprises, minority owned enterprises, community enterprises, enterprising not-for-profits, charities, social businesses, cooperatives, organisations certified as ethical, socially/environmentally responsible and fair trade and trade organisations, B-Corps etc.*# Procurement of ‘social outcomes’ from existing supply chain* with social outcomes embedded as secondary outcomes in product and service contracts.*# Procurement of pure ‘social services’ directly from non-profit organisations* such as charities (services can include education, volunteering, health etc.).*# Development and implementation of support programs and complementary community benefit initiatives* to coordinate and support the above.* Evidence indicates that the most effective social procurement strategies:

# Are built bottom-up and collaborative, responding to the needs and priorities of the community.# Are simple, achievable and build on existing organisational and community initiatives and values. # Focus on a few key strategic areas (considering resource and time constraints).# Focus on areas of impact that are of concern to primary stakeholders.# Focus on areas of impact that align with organisational mission, values and core business goals (this provides legitimacy and authenticity in the eyes of clients and communities).# Focus on areas of impact that are sustainable and can be supported and maintained in the long-term.# Focus on areas of impact where there is previous experience and advantage over competitors through access to inimitable core resources.* Evidence indicates that ineffective social procurement strategies:

# Are burdensome and complex (perceived or real). # Reduce potential competitiveness by adversely affecting cost, timeliness, quality and safety.# Deter existing suppliers and business partners by being burdensome, risky and costly. # Are perceived to be opaque, closed and unfair to existing suppliers and business partners. # Represent charity or tokenism. Strategies should be monitored and enforced and create meaningful and sustainable for equity-deserving groups and organisations like local businesses and social enterprises. Such businesses should have to deliver a quality timely products and services and be competitive or at least on a path to competitiveness (with necessary support). * Evidence suggests that effective social procurement strategies should provide the following benefits:

# Lasting positive community legacy (through meaningful and sustainable employment and business opportunities beyond project boundaries and timelines).# Competitive advantage by demonstrating social impact to clients in an innovative way. # Compliance with growing social procurement requirements.# Improved community engagement and public relations.# Greater innovation in bids (new leverage, networks and ideas brought by cross-sector collaboration).# Widening markets and customer-base (with socially responsible clients).# Positive reputation (communities, clients, shareholders, employees and other stakeholders).# Innovative investment opportunities (social investment, social benefit bonds etc.).# Demonstrable Corporate Citizenship and Social Responsibility.# Improved employee recruitment, engagement and retention.* In maximising the benefits of social procurement, it is important to:

# Engage with the community and the equity-deserving groups you seek to help. Give them a voice in your strategy and spend time to understand their cultures, needs, aspirations, priorities and challenges.# Understand your values, strengths and weaknesses as an organisation, what you are building on and where you can add most value.# Clarify what social outcomes you are trying to achieve and for who and how you will measure them in partnership with those who receive those benefits and help deliver them.# Educate stakeholders in your organisation and supply chain about the importance of social procurement and its benefits to them and the wider community.# Understand and build on existing initiatives, interests, capabilities and relationship and be prepared to rationalise supply chains to fit with your values and priorities.# Keep social procurement simple, transparent and fair to all suppliers – both new and existing.# Collaborate across government, business, third and community sectors and build effective and differentiated cross-sector alliances to deliver community needs;# Understand and manage the significant risks and opportunities of social procurement for everyone in the social value creation chain. Provide supportive infrastructure to help mitigate risk and maximise opportunity.# Monitor, measure and enforce social value targets and outcomes through enforceable rewards and sanctions.# Communicate successes and failures in ways which make sense to stakeholders and which take account of different cultural norms and expectations around social value.# Be prepared to learn, adapt and refine your strategy through regular feedback from all stakeholders. |