

# Social procurement in UK construction projects



Martin Loosemore, *International Journal of Project Management* 34 (2016) p133-144

## KEYWORDS

- Procurement
- Social procurement
- Social enterprise
- Social value

## Article highlight:

Changing societal expectations about the role of projects in building community resilience in industries such as construction is increasing the importance of social procurement as a project management tool. The challenge is how to integrate new types of business underpinned by what is perceived to be an inherently uncompetitive business model into a highly competitive industry underpinned by strong path dependencies and established relationships with hard-nosed industry incumbents.

## What does the paper cover?

The aim of this paper is to address the paucity of research into social procurement in construction by exploring the current barriers to procuring services and products from a social enterprise perspective. Through case studies of social enterprises operating in the UK construction industry, this research explores the drivers of social enterprise in this sector and the external and internal challenges which social enterprises experience in operating in the construction industry.

## **Methodology:**

Interviews were undertaken with the leaders of 12 social enterprises operating in the construction industry. The social enterprises were all based in the UK and were chosen from a number of well-known social enterprise directories, including the Social Enterprise UK *Buy Social Directory* and the *Social Enterprise Mark Directory*.

The interviews were guided by four questions:

1. Brief background of the business?
2. Drivers of social enterprise in the construction sector?
3. External risks associated with the construction sector?
4. Internal risks in running a social enterprise in the construction sector?

## **Research findings:**

The results indicate that numerous changes to existing procurement practices are needed to encourage the engagement of more social enterprises in construction projects. Clients have a critical leadership role in bringing about these changes. Beyond the relatively few larger firms that are starting to become engaged with the social enterprise sector, there's a very long tail of smaller firms which will resist change unless they are encouraged to do so.

This research shows that in meeting new social procurement requirements, social enterprises represent an innovative and as yet untapped opportunity for clients and firms in the construction sector to engage more closely with their communities and help the environment and the most disadvantaged in society.

## **Conclusions:**

Through interviews with leaders of successful social enterprises operating in the construction industry, it is concluded that many changes are needed to traditional procurement practices to grasp the opportunity of social procurement. These include unbundling work packages, reducing tender compliance burdens, changing traditional perceptions of 'value' which revolve around lowest price, incorporating social value requirements into existing subcontracts and challenging the dominant role of supply chain incumbents and ingrained negative stereotypes of the disadvantaged groups which social enterprises employ.

## **Significance of the research:**

This research is important for the many clients, firms and consultants operating in the construction industry and the communities in which they build. Recent developments in the field of social procurement mean that in the future, firms tendering for major construction and infrastructure projects will need to demonstrate that they are not just efficient in project delivery, but also contribute positively to the communities in which they build. The emerging social enterprise sector represents a potentially innovative and sustainable opportunity to meet this new challenge.

## Comments from the author:

Our research in this area has recently received over \$750,000 funding from a consortium of government, third sector and construction organisations to explore the role of cross-sector collaboration in enabling innovative solutions to delivering social value into the communities in which the Australian government builds. We are also developing social procurement strategies and social impact measurement methodologies, which are tailored to specific disadvantaged groups who are often excluded from working in the construction industry (indigenous, disabled, refugees, youth at risk, ex-offenders, women, etc).

Given planned construction and infrastructure pipelines and anticipated skills shortages in many parts of the world, there is an unprecedented opportunity to use social procurement as an innovative policy mechanism to address growing inequity and disadvantage in our communities.

## Complete article

The original version of this article was published in the *International Journal of Project Management*, Vol number 34, Issue 2, February 2016, Martin Loosemore (2016), p133–144. It can be accessed via: [sciencedirect.com/science/article/abs/pii/S0263786315001696](https://www.sciencedirect.com/science/article/abs/pii/S0263786315001696).

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## Glossary:

<b>Procurement</b>	The process by which organisations acquire the products and services necessary for the achievement of their project objectives at the best possible cost, quality and timing.
<b>Social procurement</b>	The use of procurement to leverage extra social benefits and create 'social value' in local communities beyond the simple purchasing of products and services required.
<b>Social enterprise</b>	A commercial organisation that has specific social objectives that serve its primary purpose, seeking to maximise profits while maximising benefits to society and the environment. Profits are principally used to fund social programmes.
<b>Social value</b>	Social value is the wider financial and non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment.

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