

**A Better Work Start  
ECP Post COVID-19 Initiatives**

# **Beyond ticking the box: Creating shared value in Australian social procurement**

April 2021

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## **Preparation Note**

This document has been prepared following a roundtable discussion hosted by RMIT on 29th April 2021, in which Deepen Somaiya (Sustainable Procurement Manager, Transurban), Sue Boyce (CEO, Ability Works Australia), Rebecca Green (Engagement Manager, Social Traders) and James Natsis (CEO, Apricot Consulting) shared their insights and reflections on what creating shared value in social procurement means for their organisations, how it can be enacted, and what challenges and opportunities for creating shared value in social procurement exist in Australia. The event was organised by Dr Natalya Turkina, Associate Professor Joona Keranen and Dr Kevin Argus, with support of Kerry O'Connor.

This document has been prepared by Dr Natalya Turkina - a Vice Chancellor's Postdoctoral Fellow at RMIT, Graduate School of Business and Law. Natalya has 10+ years of professional experience in the Research and Education, Business and Government sectors in Europe and Australia. She is passionate about research in the areas of Social Entrepreneurship, Stakeholder Engagement, Cross-Sector Partnerships, Corporate Social and Environmental Sustainability and Responsibility. In her research, Natalya critically looks at how international and national institutional contexts condition the ways organisations and individuals understand, contest, co-create and practice business sustainability and responsibility. Her research projects are international and comparative in their nature and involve national contexts of such countries as Australia, Indonesia, Mongolia, Russia, and Botswana. In her work, Natalya aims to translate her theoretical and practical knowledge and teaching experience into ethical and sustainable business practices.

## State of Play

Australian construction and infrastructure industry has been increasingly involved in social procurement, most typically, through the creation of relatively low skilled yet highly paid employment and training opportunities for vulnerable, disadvantaged, or marginalised groups of people. It is not surprising then that social procurement in this industry, which has been thriving even during the pandemic, has recently become a major focus for the Australian policymakers. However, the anecdotal evidence indicates that instead of creating long-term, sustainable, and meaningful economic and social value that is shared by firms and social enterprises, firms tend to take the short-term 'box-ticking' approach to the requirements and expectations set in the social procurement framework. To discuss this, we organised a roundtable with the representatives of the Shared Value Partnership in the construction and infrastructure industry (i.e., Transurban, Ability Works Australia and Apricot Consulting), which has been awarded the Social Traders Social Procurement Partnership of the Year Award for 2020.

## What is Creating Shared Value in Social Procurement?

Creating shared value (CSV) is seen as in many ways still a very new concept that can yet deliver win-win and sustainable outcomes for both corporate businesses and social enterprises. CSV traditionally has been a corporate seeing an opportunity to develop a business case for addressing some social issues. On the one hand, Australian Government makes huge investment in social procurement, whereby firms face key performance indicators (KPIs) and the expectation that they pursue strategies of CSV that go beyond a tick-the-box outcome by addressing longer term social issues, such as creating career pathways for women or indigenous peoples in employment. In doing so, corporates, on the other hand, can gain higher levels of employee engagement, brand recognition, and winning more tenders and contracts within this framework.

CSV in social procurement can be co-designed and realised through partnerships between corporates and social enterprises. For example, the social enterprise Ability Works Australia, which creates long-term employment for people with disabilities and socially disadvantaged backgrounds, has partnership relationships with the construction and infrastructure firms – Aurecon and Transurban. By purchasing services and co-designing products with Ability Works Australia as part of these partnerships, Transurban and Aurecon could acquire social credits for the Victoria Government tender processes, increase the levels of their staff engagement, meet investors' needs and expectations regarding corporate social performance and strengthen brand equity. By partnering with Transurban and Aurecon, Ability Works Australia, in turn, could not only secure stable contracts with these firms but also develop capabilities to provide services to other organisations (e.g., consulting for the urban infrastructure developments) and thus provide employees with purpose and sense of pride and belonging through employment.

CSV partnerships in social procurement can be developed with the help of intermediaries, such as consulting companies that build the intersection between the social and commercial agendas (e.g., Apricot Consulting) and social enterprise procurement marketplaces (e.g., Social Traders). A consulting company can help corporates and social enterprises to evaluate and improve their cultural fit, develop a business case for creating value that is shared by the partners, establish collaborative governance mechanisms, and develop measures that capture outcomes of the partnership programs. A social enterprise procurement marketplace, in turn, can offer social enterprises certified programs aiming to help them recognise opportunities for commercial arrangements and build sustainable relationships with the state and corporate stakeholders in co-creating economic, social, and environmental impacts.

## Opportunities and Challenges

CSV partnerships in social procurement have many opportunities for both corporates and social enterprises, as they can:

- equip corporates in helping social enterprises to develop new capabilities and skills and transfer them in other market opportunities,
- produce more government tenders that address social issues, such as, for example, employment of people with disabilities, and other sustainable development goals (SDGs),
- establish new industry norms of building strategic alliances around CSV projects with the supply chain partners in the social entrepreneurship sector,
- facilitate changes in corporate leadership, culture, and strategies, aiming to engage social enterprises in addressing modern slavery, poverty, and other burning social issues through social procurement.

Yet, such partnerships have some challenges, that is:

- Organisations may underestimate resources for effectiveness of these partnerships (e.g., setting up a steering committee and governance group).
- Senior leadership in corporates may have not fully understand the strategic opportunities and marketing benefits (e.g., integrated marketing campaigns) of CSV in social procurement.
- There is a lack of the government monitoring of the commitments made by corporates in tender documents.
- There is a room for improving social impact reporting to measure social and economic value created in such partnerships.
- Such partnerships require long-term commitment and investment from both corporates and social enterprises to make sure these partnerships are right for CSV.

## The Way Forward

CSV partnerships in social procurement can equip Australian construction and infrastructure firms to play a significant role in addressing important social issues faced by the Australian society, especially during the socio-economic crisis brought in by COVID-19. To be successful, such partnerships, though, require getting corporate and social enterprises' intentions established up front, as well as passionate individuals in all sectors – corporate, social entrepreneurship, government and not less importantly intermediaries. These success factors, alongside addressing the above challenges and opportunities, will allow firms to go beyond ticking the box and establish long-term, sustainable, and meaningful CSV partnerships in social procurement.