

Barriers to social procurement in the construction industry: a subcontractor's perspective

Social procurement is emerging in Australia and internationally as a powerful tool for governments and socially responsible private businesses to leverage their construction and infrastructure spending to build community wealth, health, wellbeing and resilience. It has been estimated that there is about 26% untapped community social value to be leveraged from government construction and infrastructure spending at virtually no cost to government. This equates to about \$67 billion based on an estimated \$256.6 billion in general government expenditure allocated to infrastructure alone across all states and territories over the four years to FY 2026-27.

Why the study:

- There is an accumulating body of international research on social procurement in construction. However, the subcontractor's voice is largely absent from the current social procurement debate.
- Understanding the subcontractor's perspective is critically important to the successful implementation of social procurement and maximizing its potential social benefits.
- This is because subcontractors employ the majority of people in the construction industry and they tend to be passed the responsibility to implement social procurement by principal contractors.

What we did:

- We conducted a survey of 70 Australian subcontractors to explore perceived barriers to integrating six groups targeted by social procurement policies into the construction workforce. These groups included: migrants and refugees, disengaged youth, people with a disability, ex-offenders, women and Indigenous workers.

What we found:

- Subcontractors perceive significant safety, productivity and cost risks in employing people from these groups. These perceptions do not align with reality in many cases.
- Disengaged youth are perceived as the highest risk group, followed by migrants and refugees, people with a disability, ex-offenders, women and Indigenous workers.
- Employment priorities reflect these perceptions and the order of priority for hiring from disadvantaged groups was: Indigenous, Women, Migrants & Refugees, Disengaged Youth, people with a disability and Ex-Offenders.
- Employment priorities also reflect government policy targets and government support made available to recruit for each group.
- The perceived barriers faced by each group vary significantly as should the strategies to mitigate them.
- Social procurement is poorly understood and is seen as yet another compliance burden. Few benefits are seen by subcontractors.
- Younger firms and smaller firms are less likely to hire women and Indigenous people and hiring priorities appear to be guided by compliance and convenience rather than any strategic interest in the potential benefits claimed around social procurement such as workforce diversification.
- The results suggest that most firms are driven by compliance rather than optimising social procurement outcomes for job seekers

What this means:

- Social procurement policies could ironically further disadvantage already vulnerable people if they are imposed without regard to the industry's culture, organisational characteristics and capacity to deliver.
- The construction industry responds strongly to government mandated policies which set clear targets and make social procurement a source of competitive advantage. The construction sector is unlikely to engage with social procurement if policies are removed.
- Social procurement policies must be strongly implemented, monitored and enforced if they are to be effective in construction and infrastructure projects.
- Governments may need to rethink the support they offer to help industry implement these policies – especially for Migrants & Refugees, Disengaged Youth, people with a disability and Ex-Offenders.
- It is critically important to consult with industries like construction to understand supply and demand constraints. Barriers to implementation are likely to be industry-specific.
- Our results indicate that targeted legislation with specific deliverables supported by policies which provide support and remove barriers to employment for each group could be a powerful way for social procurement policy-makers to encourage the employment of disadvantaged groups in the construction supply chain.
- If the barriers exposed in this research are not addressed, then there is a real danger that social procurement policy will run ahead of practice and that the ambitious targets being set will not be met.
- In construction industry supply chain capacity to comply with these policies, governments should focus on three main areas of support: monetary assistance to cover extra costs of employment (where there is evidence to support extra costs are incurred); training employers to change attitudes, highlight opportunities from social procurement and reduce negative stereotypes about targeted groups; and training for different cohort groups to help them fit into the industry.



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More information about this research can be found here: Loosemore, M., Alkilani, S., & Mathenge, R. (2020). The risks of and barriers to social procurement in construction: a supply chain perspective. *Construction Management and Economics*, 38(6), 552-569. <https://www.tandfonline.com/action/showCitFormats?doi=10.1080/01446193.2019.1687923>