CULTURAL COUNTERFACTUALS: ASSESSING THE IMPACT OF INDIGENOUS SOCIAL PROCUREMENT IN AUSTRALIA

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In countries like Australia, Canada and South Africa with large Indigenous populations, governments are increasingly turning to social procurement to solve entrenched social problems like Indigenous disadvantage. Social procurement works by leveraging construction and infrastructure spending to encourage construction firms to give back to the communities in which they build. It does this through new partnerships with governments, not-for-profits and social benefit organisations like Indigenous enterprises, which deliver construction products and services in ways that benefit Indigenous communities. However, the success of social procurement policies is typically judged from an outsider’s perspective, ignoring Indigenous notions of value: the intended beneficiaries whose lives social procurement is aimed at improving. Mobilising strain theory and undertaking a critical literature review to conceptualise social procurement in a new way, this paper explores the proposition that current methods of assessing the success of Indigenous social procurement are culturally insensitive and fail to articulate adequately their social impact on the communities they are designed to benefit, presenting an overly optimistic view of success that does not align with Indigenous perspectives of social value. We also argue that the project-based nature of construction appears to conflict with Indigenous notions of social value by undertaking temporary endeavours that lack local knowledge. The paper concludes by presenting a new conceptual framework of cultural counterfactuals that will allow future policy social impact assessments to represent better the views of Indigenous people in the social procurement policy debate.

Keywords: Indigenous, social impact assessment, social procurement, social value

INTRODUCTION

In Australia, an Indigenous person is someone who is of Aboriginal or Torres Strait Islander descent who identifies as Aboriginal or Torres Strait Islander and is accepted as such by his or her community (Department of Aboriginal Affairs 1981). This population group suffers from severe and long-standing social and economic disadvantage in the areas of living standards, life expectancy, education, health and employment (DPMC 2017; Fuller et al., 2005). It is generally accepted that this disadvantage originated from European settlement of Australia in the eighteenth century and the subsequent effects of colonisation (Cooke et al., 2007; Short 2011). While Indigenous disadvantage has been targeted by a number of successive policies

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and programmes funded by the Australian Government (Australian Government 2009; Short 2011), there has been regression or little to no progress in the areas of life expectancy, incarceration, psychological health and substance abuse (CTGCSC 2017; DPMC 2017). Such is the importance of this problem, in the financial year 2015-2016, six per cent of government expenditure was spent on policies and initiatives to address disadvantage for Indigenous Australians (SCRGSP 2017) who make up only three per cent of the population (AIHW 2017: 3). This situation is repeated in many other countries with large Indigenous populations such as Canada, New Zealand, and the United States (Cooke et al., 2007).

To address this apparent failure of traditional welfare policy to address Indigenous disadvantage, governments in Australia and other countries are turning to social procurement as an innovative social policy intervention. Social procurement involves the acquisition of a range of assets and services, with the aim of intentionally creating social outcomes (both directly and indirectly) (Furneaux and Barraket 2014: 269). The construction industry is a major focus of this new agenda because of its size and impact in the wider community and because, unlike many other industries, it often operates in areas of disadvantage (Loosemore 2016). As an object and tool of ‘new public governance’ (Furneaux and Barraket 2014) social procurement reflects trends in governments seeking new solutions to intransigent social problems through partnerships with private business, not-for-profit, third sector and community organisations.

This contemporary partnership-based approach to dealing with enduring social problems is not without its critics and their effectiveness in terms of social impact are largely unproven. According to LePage (2014) and Barraket et al., (2016), the social procurement trend in the public sector is driven by a range of motives including: ideological neo-liberal agendas which advocate greater outsourcing of public services to the private sector; a desire for innovative and locally relevant and engaging public service delivery; increased focus on maximising the value from public spending; the diminishing fiscal capacity of governments to support social benefit activities through traditional means; increasing recognition of complex social issues which seem resistant to traditional interventions; emerging evidence of achieving social impact through social enterprises; growing interest from the private sector to integrate social value into their business practices; and consumer and taxpayer demand for socially responsible supply chains and products.

From an Indigenous perspective previous research has argued that the methods used to evaluate Indigenous social procurement policies in Australia are reliant on financial information that may not be compatible with Indigenous worldviews and notions of social value (Denny-Smith and Loosemore 2017). While social impact assessments typically involve stakeholders in assessments and include various counterfactuals to ensure that social impacts being claimed are attributable to an intervention (Nicholls et al., 2012), they fail to account for different notions of value which can vary significantly from culture to culture (Berry et al., 2013). These complex cultural issues can result in formal findings and recommendations of evaluation reports frequently having material variances between evaluator and Indigenous understandings and perceptions (Taylor 2003). Building on this research, this paper aims to critically examine the literature on strain theory and Indigenous social values, combining them for the first time to propose a new conceptual framework of cultural counterfactuals contributing to the possible negative impacts of Indigenous social procurement policies which are currently hidden from view in traditional social
impact assessments of such policies. We develop Nicholls et al’s (2012) definition of counterfactuals as being 'displacement' (opportunity costs for those involved) and 'substitution' (losses for others who might have missed out), causing negative social impact, to include additional cultural costs. Cultural counterfactuals, therefore, may be viewed as factors of an individual's cultural environment that contribute to realising a negative social impact. This research is particularly relevant in the number of Indigenous procurement policies that have been put in place in Australia and other countries (e.g. Government of South Australia 2014; Australian Government 2015a). This paper will contribute to an existing paucity of research on social procurement in construction (Loosemore 2016) especially with a focus on Indigenous people who suffer significantly higher levels of disadvantage than many other groups (Denny-Smith and Loosemore 2017).

SOCIAL PROCUREMENT

Although there are many ways in which social procurement can be undertaken, Furneaux and Barraket (2014) propose a model, which classifies them into four main types. These are Type 1 - 'Direct' procurement of pure (non-construction related) social services from non-profit organisations such as charities; Type 2 - 'Indirect' procurement of social outcomes from the private sector with social outcomes embedded as secondary outcomes in construction products and services contracts; Type 3 - Direct procurement of construction products and services from social benefit suppliers (social enterprises, Disability Organisations, Indigenous enterprises, cooperatives, minority businesses, etc.) which combine social and financial outcomes with construction related products and services; and Type 4 - 'Corporate social responsibility' management of supply chains to ensure they do no harm through employment of private sector socially responsible businesses.

Depending on the nature and focus of a social procurement programme, there are a range of potential immediate, intermediate and long-term benefits which are claimed for social procurement. In reality, however, the benefits are rarely empirically tested against other forms of social intervention and the methods used to measure their social impact are controversial and in their formative stages of development (Barraket et al., 2016; Loosemore 2016). Claimed benefits include: breaking down existing employment barriers; building community resilience; social inclusion; improving local sustainability by strengthening local economies; social inclusion that promotes openness and equal opportunity for disadvantaged and vulnerable community groups; providing local employment and training opportunities for disadvantaged groups; promoting diversity and equality; fostering services innovation; encouraging fair trade; improved mental and physical health; improved children’s developmental outcomes; higher rates of home ownership; higher-quality housing; lower rates of incarceration; and lower likelihood of being a victim of crime (Gray et al., 2014; LePage 2014; Burton and Tomkinson 2015).

Strain Theory as a Conceptual Model for Understanding Cultural Counterfactuals

While a number of authors have qualified and questioned the claimed benefits of social procurement, there have been no attempts to conceptualise them. To this end, strain theory represents a useful tool because it can conceptualise how positive social impact is created when individuals accept their culture’s goals for its members and accept the institutional means by which to achieve those goals (Denny-Smith and Loosemore 2017). This is especially useful in an Indigenous context because it can
holistically capture Indigenous views of social value and account for the cultural relativity of Indigenous Australia (ibid.).

Used extensively in criminology to explain the psychological and structural explanations for crime and delinquent behaviour, strain theory was presented first by Merton (1938) as a response to sociological theory attributing biological drivers as the reasoning for malfunctioning social behaviour. He argued that these drivers failed to provide any basis for non-biological conditions that cause individuals to engage in conduct that deviates from prescribed behaviours and actions. Strain theory attempts to a systematic approach to discovering how social structures exert pressure on individuals to engage in non-conformist behaviour (Merton 1938).

In strain theory, social and cultural structure are broken up into two parts (Merton 1938). Firstly, culturally defined goals, purposes and interests comprise a frame of aspirational reference for members of a society. The acceptable modes of achieving these goals is then defined, regulated and controlled by the second phase of social structure. This creates a moral or institutional regulation of permissible and required procedures for achieving these culturally defined goals. Individuals are thus given prescribed cultural goals to achieve through approved institutional means. In an Australian Indigenous context, this is represented by calls from community leaders for Indigenous people to take up employment as a way of lifting themselves out of passive welfare (Pearson 2001, 2003).

Recent research has proposed that strain theory could be a valuable theoretical lens to better understand how social forces influence Indigenous perceptions of social value, thus highlighting the potentially negative impacts of social procurement in a social impact assessment of Indigenous social procurement (Denny-Smith and Loosemore 2017). Strain theory holds that society and culture have culturally acceptable goals (such as getting a job and economic wealth) to achieve through approved institutionalised means (Merton 1938). Individuals may accept or reject either or both of these two factors, leading to a range of possible behavioural responses: conformance, where one's culture's goals and institutional opportunities are accepted; ritualism, occurring when someone rejects their culture's goals but accepts they must take up institutional opportunities, thereby performing a ritual of showing up because they have to; innovation, where it is accepted one must attain their culture's goals, but a lack of opportunities leads them to create new ways of doing so; and retreatism, a complete rejection of both factors leading one to retreat away from their culture or society. Denny-Smith and Loosemore (2017) argue that a positive social impact resulting from Indigenous social procurement will occur when individuals have high acceptance of both cultural goals and available institutional opportunities. As rejection of both these factors increases, a strain is created on the individual and Denny-Smith and Loosemore (2017) argue that this strain will lead to a negative social impact.

Although Denny-Smith and Loosemore's (2017) model is of potential value in better understanding the impact of social procurement policies aimed at reducing Indigenous disadvantage, it requires refining to include variables that have been identified as missing in current approaches to social impact measurement. Further, while the social impact literature considers counterfactuals such as displacement (opportunity costs for those involved) and 'substitution' (losses for others who might have missed out) (Nicholls et al., 2012) consideration of cultural differences in the way that people perceive social value is missing from the counterfactual debate. Lastly, Price et al.,
argue there has been scant attention given to Indigenous evaluation methodologies, with evaluations often generalising their findings across varied and different communities and contexts. This is supported by Seivwright et al.'s (2017) recent calling for the development of a Western Australian Indigenous outcomes framework to provide a more transparent monitoring and reporting structure on Indigenous outcomes and this could potentially be developed to a greater scale for outcomes of Indigenous social procurement policies. There is thus a need for a new approach to social impact that considers what we term cultural counterfactuals and an accompanying need to conceptualise what form these new types of counterfactuals might take. In the context of Indigenous social procurement, cultural counterfactuals are hypothesised to lead to the creation of strain, thus negative social impact.

**Cultural Goals/Values**

The Indigenous literature proves useful in helping to develop an understanding of the cultural counterfactuals associated with Indigenous social procurement and how these might contribute to the creation of strain. Pearson (2001, 2003) has advocated for Indigenous people to lift themselves out of passive welfare dependency through mainstream employment as the solution to the social problems that Indigenous people face, in a way that government resources and services cannot. This is indicative of cultural goals that could be placed on individuals to achieve and is a notion supported by the existence of several organisations who specialise in encouraging and improving Indigenous supply chains or helping Aboriginal people find work. They may therefore be used to show how cultural goals and values can be utilised to place pressure on individuals to take up any employment opportunities.

However, Peterson (2005) argues that people living in remote communities may have to displace themselves away from their home and culture and integrate into a mainstream culture, to take up employment. This is supported by Dockery and Hampton (2015). They argue the importance of importance of attachment to country, culture and kinship networks are drivers of mobility (to travel to work, etc.), and this may affect notions of wellbeing. These factors are found to substantially limit employment outcomes and force these communities to mobilise, negatively impacting on the wellbeing and socioeconomic outcomes of the displaced people (Dockery and Hampton 2015). In addition to this, there are many barriers faced with regard to travel, for instance, not having a driver’s license and for those that do travel, instances of mobility were also found to be combined with time to visit friends and family, engage in cultural and sporting activities and maintain reciprocal networks of accommodation supporting mobility along kinship lines (ibid.). It has also been argued that culture may have a much larger role to play in people's economic choices than previously thought (Guiso et al., 2006). Thus, Indigenous culture could influence people's decisions to take part in employment opportunities that can give economic benefit. Cultural, social, and spiritual factors may thus all contribute towards the creation of cultural counterfactuals in Indigenous social procurement.

**Institutional Opportunities in Construction**

Construction is an inherently site-specific, project-based activity (Dubois and Gadde 2002). Construction projects operate in communities, generating jobs and enabling the efficient transportation of goods and services between businesses (Hansford 2013). However, once a project is completed, the construction business and associated benefit moves on to the next project in a different area. This characteristic can create learning discontinuities, restricting the development of knowledge bases and learning
cycles (Blayse and Manley 2004), in addition to requiring a mobile workforce, which the above review shows is not a characteristic of Australia's Indigenous population.

Dubois and Gadde (2002) argue that the construction industry is a loosely coupled system. This loosely coupled system is created owing to four causes of uncertainty in the industry: 1) management is unfamiliar with local resources and the local environment; 2) no complete specification for activities on construction sites; 3) no uniformity of materials, work and teams with regard to place and time, because every project is unique; and 4) an unpredictable environment (Dubois and Gadde 2002). If construction professionals are unfamiliar with local conditions, they may not be able to make use of the potential Indigenous workforce in the project area. They may also not be aware of cultural activities that are of high importance to local Indigenous people and lastly, as construction projects move from one area to the next, the low mobility of the Indigenous workforce means they could be unlikely to relocate with them. Such a characteristic may lead project-based construction firms to privilege 'hard', objective measures of performance, such as meeting their contractual targets for Indigenous procurement, over 'soft' and sometimes intangible criteria (Brensen 2007).

### Unintended Negative Impacts of Social Procurement

Despite the many claims around the benefits of social procurement for disadvantaged communities such as Indigenous peoples (e.g. Bonwick and Daniels 2014), several authors warn of potential negatives impacts of using this approach. At an individual level, Rogers et al. (2008) also argue that social procurement can negatively affect intended beneficiaries. For example, if someone moves to paid employment this may incur extra costs associated with rent and transportation and it may also reduce the time they spend with their communities, family or friends, thereby causing a negative impact as they retreat from their social network. In an Indigenous context, Dockery and Hampton (2015), Dockery and Milsom (2007) and Peterson (2005) suggest these potential negative impacts can be significant because of profound differences between the cultures, values and customs of Indigenous and non-Indigenous people which can be compounded by the loss of a ‘safety net’ that comes from a disconnection with their land, communities and families.

Barraket and Weissman (2009) have also argued that overly onerous requirements placed on social benefit suppliers to measure and articulate social value could reduce competitive neutrality by disadvantaging smaller suppliers. Overly prescriptive requirements could also reduce supply chain diversity and undermine social innovation within supply chains. By removing this competitive neutrality, governments may engage in anticompetitive market distortions that distort competitive interactions and trade flows by limiting the number and range of suppliers; limiting the ability of suppliers to compete; reducing the incentives of suppliers to compete; limiting the choices and information available to consumers; or by applying to state-owned enterprises (Abbott 2016). This may be a form of unjust economic discrimination that does not comply with international law (Moon 2017). A number of complex challenges associated with social procurement could also include: unfair advantage being provided to social benefit suppliers through government grants and opportunities; ongoing funding to ensure social benefit suppliers remain sustainable; and the effects of employment displacement, though it is noted that these are currently based on anecdotal case studies (Burkett 2014).

Esteves and Barclay (2011) argue that while social benefit organisations and local companies are one way to deliver social and economic benefits to communities
through social procurement, it can also lead to adverse social impacts, such as the establishment of ‘fronting’ companies where the decision-making and benefits are held by other individuals who are not the targeted beneficiaries. This means that any financial benefits flowing from social procurement can be diverted away from those that the policies are intended to benefit. Communities may also become dissatisfied if they see only menial work being given to a beneficiary group as companies seek to make up the numbers as part of contractual requirements to undertake social procurement (Esteves and Barclay 2011). Smaller local businesses and social benefit organisations that rely on social procurement initiatives also may become reliant on larger firms who practice it, thus becoming vulnerable to the larger company’s business cycle and limiting their ability to provide sustainable benefits to the community (ibid.). Further, it is difficult to find empirical evidence of the tangible social impacts that social benefit suppliers, such as Indigenous businesses, create.

A Conceptual Framework for Cultural Counterfactuals

Drawing on the above discussion, Figure 1 presents a conceptual framework for mapping the cultural counterfactuals in Indigenous procurement policies. The conceptual framework draws on strain theory, construction industry characteristics and Indigenous worldviews and values to propose how these factors contribute to Indigenous perceptions of social value. Using this framework with Denny-Smith and Loosemore’s (2017) model it is possible to map an individual’s acceptance or rejection of their culture’s goals and values. This could be done by asking a series of questions about pressure they have felt to get a job. Having identified several limitations to institutional opportunities in rural and remote construction, we can then test respondents’ level of acceptance of rejection of these opportunities. For example, using our above review, we may find that someone accepts cultural pressure to become employed, but they reject an institutional opportunity because it is an extended distance away from them and they lack the transportation to be able to attend that opportunity, or because they must remove themselves from their kinship circle to do so. We hypothesise that this rejection will result in a strain being created, hence a negative social impact.

While this framework is useful for mapping how a future assessment can uncover the social impact created through Indigenous social procurement, further refinement is required. For example, Indigenous people will need to be consulted to confirm or deny the cultural counterfactuals we have identified in our literature review. We can also use this consultation to confirm how Indigenous people perceive various institutional opportunities. In this way, the development of our framework should be
of more significance to its intended community as they will have had a meaningful contribution in its development. In doing so, we also aim to build up an Indigenous understanding of social impact creation through the population's own experience of this phenomenon and avoid previous bad practices in research conducted in Indigenous communities (Taylor 2003). This will inform social value theory and how it relates to Indigenous communities, as well as Indigenous social procurement so that it can be targeted to create more relevant and sustainable social impacts.

CONCLUSION

This paper set out to examine critically the social procurement literature because of its use to address Indigenous disadvantage in Australia. It found that social procurement evaluations largely ignore cultural factors in their methods, presenting a westernised view of social value aimed at programme funders and policy makers that neglects Indigenous notions of social value. Through our critical review, we have conducted the first inquiry into possible cultural counterfactuals that may produce a negative social impact through the current context of Indigenous procurement policies in the Australian construction industry. Our review found that the project-based nature of construction might mean it is not conducive to facilitating a culturally understanding environment that promotes social outcomes for Indigenous workers. Our review has led us to produce a unique and innovative conceptual framework that acknowledges these factors and how they may contribute to a social impact assessment from an Indigenous perspective in a new conceptualisation of social procurement. Our framework is currently purely conceptual; as such, it must be refined through a process of collaboration with Indigenous groups. This testing could involve the development of initial scoping activities that draw on an emerging literature of Indigenous research methodologies. Policy makers and construction practitioners, particularly procurement managers, will benefit from this framework to refine and improve their Indigenous procurement strategies.

REFERENCES


Cultural Counterfactuals


