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## **Maximising “Community Benefits” in public procurement: tensions and trade-offs**

### **Structured Abstract**

**Purpose** - This study aims to illuminate the challenges involved in implementing Community Benefits (CBs), a sustainable public procurement policy that ensures that there are positive social and economic outcomes for the local community when public money is spent on goods, works and services.

**Design/methodology/approach** - Interviews and focus groups were conducted with public sector buyers and suppliers in Wales with experience in implementing CBs. Resource dependence theory was used to examine the extent to which dependence on resources effects CBs implementation.

**Findings** - Whilst the study confirms that implementation of CBs improves economic and social outcomes, there can also be challenges for public sector organisations and their constituent supply chains. These include tensions between CBs and other policies, differing views between buyers and suppliers, and the unintended consequences of promoting one form of CBs over another.

**Research and practical limitations/implications** – The research found that the Welsh Government influences the buyer-supplier dyad through regulatory and financial power. We elaborate on resource dependency theory by adding four constructs (powerful stakeholders, intra and inter organisational issues, challenges, and enablers) to better understand the flows of power and resources in this research context. Buyer and supplier practitioners may find the factors leading to successful CBs implementation useful, such as ensuring closer communication and liaison at early contract stages.

**Originality/value** - This study addresses the need for research into how public sector organisations and suppliers seek to implement socio-economic sustainability measures, and the lack of research on CBs implementation to date. It is also novel in adopting a dyadic approach and a resource dependency perspective.

**Keywords** Community Benefits, Socio-economic sustainability, Public sector, Resource Dependence theory.

**Paper type** Research paper

## 1. Introduction

A range of legislative and policy instruments exist in the UK to drive sustainable public procurement. However, relatively few published studies have examined the effect of such procurement policies on supply chains or the barriers faced by organisations seeking to realise socioeconomic value through procurement (Eadie, McKeown, & Anderson, 2011; Gormly, 2014; Harland, Telgen, Callendar, Grimm, & Patrucco, 2019). One such policy is Community Benefits (CBs), described as “socioeconomic criteria that are inserted into supply contracts” (p.217, Preuss, 2009). Examples include suppliers providing apprenticeships, and public sector buyers contracting with social enterprises or the voluntary sector (Preuss, 2009).

A search of the literature found no published academic research that has focused on the challenges of implementing socioeconomic CBs. The majority of previous research has been concerned with the environmental or economic aspects of sustainable supply chain management (SSCM) in a private sector context (Miemczyk, Johnsen, & Macquet, 2012). Although studies have previously examined how public sector organisations can obtain wider value for money through public procurement (McKevitt & Davis, 2016; Preuss, 2009), to date there has been little research focusing on the impact on SSCM within the public sector (Harland et al., 2019). This omission is important since public procurement represents big spend, at about 15-20% GDP globally (UNECE, 2020).

This study seeks to contribute to the sustainable procurement and SSCM fields by exploring the following research question:

*What are the factors influencing the implementation of CBs in public procurement?*

To identify the factors affecting CBs, we also investigate the enablers and challenges of CBs implementation. In addition, this study seeks to explore whether CBs implementation involves any unanticipated outcomes, tensions, and trade-offs. Public procurement is challenged with meeting a number of different and competing goals, such as achieving value for money, striving for transparency in the procurement process, procuring quality products and services, and including sustainability criteria. It is important to understand the pressures that may unduly influence CBs implementation.

This study makes several contributions. First, it is one of an emerging group of academic studies to address social public procurement issues (Bernal, San-Jose, & Luis Retolaza, 2019; Furneaux & Barraket, 2014; Loosemore, 2016; Meehan & Bryde, 2015), and within those social public procurement studies we could find no studies to date that specifically focus on CBs. Second, it addresses the lack of dyadic studies in the field of SSCM (Hall, 2000; Huq, Stevenson, & Zorzini, 2014; Zorzini, Hendry, Huq, & Stevenson, 2015), by examining both buyer and supplier perspectives. Third, relatively few studies concerned with SSCM or public procurement develop theoretical insights (Flynn & Davies, 2014; Touboulic & Walker, 2015; Zorzini et al., 2015), and this study makes a theoretical contribution by adopting resource dependence theory (RDT) (Pfeffer & Salancik, 1978) to guide our study of CBs. Finally, it provides insights for policymakers and buyer and supplier practitioners seeking to implement CBs in a public procurement context.

## 2. Literature review

### 2.1 Differences between public and private sector procurement

This study focuses on the public sector buying goods and services from the private sector. The European Union defines public procurement as “the process by which public authorities, such as government departments or local authorities, purchase work, goods or services from companies” (EUROPA, 2020). There are some key differences between the private and public sectors and they have different priorities and goals. Whilst firms sell goods or services in return for income, government and public sector organisations redistribute income, legislate and provide public services (Nijaki & Worrel, 2012). Firms mainly obtain funding from shareholders’ funds or from income derived from sales, whereas public sector organisations obtain funds from grants or taxation. Proportions of income from different sources vary across the public sector. For example, whilst local authorities and universities obtain the majority of their funding from government sources, registered social landlords obtain the largest share of their income from rent (Preuss, 2007; Universities UK, 2020). Whereas firms are accountable to shareholders, public sector organisations report to a wider range of stakeholders.

There are also key differences between private sector supply chain management and public sector procurement. Private sector organisations have more freedom to enter into contracts without undertaking lengthy procedures, often have long-term established relationships with preferred suppliers and can keep procurement contracts confidential. Public sector organisations are bound by legislation and rules meaning that contracting can be a lengthy process; it is more difficult to enter into long term partnerships and a higher level of transparency is required over contractual information. For example, UK public sector organisations have to comply with the Public Contract Regulations 2015 when procuring goods, services or works, and the provisions of the Public Services (Social Value) Act 2012 apply to public procurement activities with varying effects across the UK. Furthermore, public sector organisations are increasingly required to use procurement as a tool for achieving wider social or economic objectives (McCrudden, 2004; Preuss, 2007).

### 2.2 Public procurement policy as a tool for achieving socioeconomic objectives

The literature concerned with SSCM suggests that government organisations may drive the adoption of corporate social responsibility practices (Carter & Jennings, 2004; Seuring & Muller, 2008; Walker & Preuss, 2008). It also suggests that the relative power of the buyer may be a key factor enabling them to compel suppliers to implement social SSCM measures (Preuss, 2009; Walker & Jones, 2011). The European Commission views socially responsible public procurement as covering a wide range of issues, including:

*“employment opportunities, decent work, compliance with social and labour rights, social inclusion (including persons with disabilities), equal opportunities, accessibility design for all, taking account of sustainability criteria, including ethical trade issues; and wider voluntary compliance with corporate social responsibility.”(p.7) (European Commission, 2010)*

Public procurement comprises a significant proportion of expenditure, representing around 13% of UK Gross Domestic Product during 2017; and a third of all UK public

expenditure (HM Treasury, 2017). Governments use public procurement to address environmental, economic and social challenges or maximise socioeconomic benefits from public procurement (Macfarlane, 2014). Such policies may be viewed as a tool to drive public sector procurers and potential contractors to achieve economic or social objectives and influence suppliers' behaviour (McCrudden, 2004; Preuss, 2009). Examples include promoting the procurement of locally produced goods or services, and targeting recruitment and training (TR&T) which is when employment opportunities are targeted at particular sectors of the community (Eadie et al., 2011; Erridge & Henningan, 2007; Loosemore, 2016).

The Welsh Government use legislation as a vehicle of commitment to ensure that public sector organisations consider social value when awarding contracts (Welsh Government, 2014). Public sector organisations in Wales also have to comply with the Well-being of Future Generations (Wales) Act 2015 (Welsh Government, 2019) and the Wales Procurement Policy Statement (Welsh Government, 2015). Such policies broaden public procurement considerations beyond consideration of costs (Loosemore, 2016), with implications for SSCM within the public sector and private sector supply chains associated with public sector contracts.

### *2.3 CBs clauses as a form of sustainable procurement in the Welsh Government context*

The Welsh public sector is the largest buyer across the private and voluntary sectors in Wales, spending around £6 billion on procuring external goods, services and works during 2015-16 (Audit Wales, 2017). This has led to public procurement being viewed as a tool for leveraging socio-economic value in Wales (Lynch, Uenk, Walker, & Schotanus, 2016). The Welsh Government has set out its policy requirement that CBs are obtained and reported on a range of public sector contracts (Welsh Government, 2015). This extends beyond the requirements of the Social Value Act, which only covers services procured by certain public sector bodies above a set financial threshold.

The earliest example of Welsh Government CBs guidance was published in 2008 (i2i, 2008). This was followed in 2011 by the Welsh Government's CBs guidance, revised in 2014 (Welsh Government, 2014). Figure 1 illustrates the Welsh Government's current expectations for achieving community benefits through procurement.

[Insert Figure 1 about here]

To measure CBs delivery, the Welsh Government developed and published an online CBs measurement tool for use by buyers and suppliers. Only two published reports examine issues related to delivering CB through public sector contracts from the perspective of public sector organisations in Scotland (Sutherland, McTier, Glass, & McGregor, 2015) and suppliers in Wales (Constructing Excellence in Wales, 2012). Therefore, this research builds on these reports and the wider academic literature concerned with SSCM and sustainable procurement to provide greater insights into issues related to CBs implementation.

### *2.4 Studies of SSCM, sustainable procurement and social procurement*

A growing number of studies have explored SSCM in a commercial procurement context, and are excellently summarized in a variety of literature reviews (Dania, Xing, & Amer, 2018; Miemczyk et al., 2012; Tachizawa & Wong, 2014; Touboulis & Walker, 2015). The focus of such studies tends to be on environmental and economic issues in a commercial

context, rather than focusing on the social aspects of SSCM. A number of literature reviews suggest that social SSCM research is growing (Quarshie, Salmi, & Leuschner, 2016; Zorzini et al., 2015). Studies have explored social SSCM issues in developing countries (Huq et al., 2014), and across industries (Awaysheh & Klassen, 2010) in a commercial procurement context.

There is a growing collection of studies on sustainable procurement, looking at SSCM issues in a public procurement context (Brammer & Walker, 2011; Bratt, Hallstedt, Robèrt, Broman, & Oldmark, 2013; Lund-Thomsen & Costa, 2011; Preuss & Walker, 2011; Roman, 2017; Uttam & Roos, 2015; Walker & Brammer, 2012). Finally, there are a few studies that have focused on understanding how public procurement can be used to support social initiatives (Erridge & Henningan, 2007; Hawkins, Gravier, & Powley, 2011; Meehan & Bryde, 2015; Snider, Halpern, Rendon, & Kidalov, 2013).

It is clear there is a relative lack of research on social issues in SSCM, and in public procurement settings. To date, there seem to be no studies specifically focusing on using public procurement to implement CBs. We seek to make a unique contribution to SSCM and sustainable procurement literature by addressing this gap.

## *2.5 Theoretical perspectives*

### *2.5.1 Resource Dependency Theory*

A review of public procurement academic literature reported that less than a third of the articles contained any reference to theory (Flynn & Davies, 2014). Given the dearth of theoretical framing in public procurement research, our aim is to take an established theory to help us better understand the implementation of CBs. We propose that RDT (Pfeffer & Salancik, 1978) can provide a theoretical grounding for better understanding why organisations implement CBs, what factors affect it, and what the outcomes are.

Briefly, the key tenets of RDT are that “organisations are linked to their environments by federations, associations, customer-supplier relationships, competitive relationships, and a social-legal apparatus defining and controlling the nature and limits of these relationships” (p.2) (Pfeffer & Salancik, 2003). RDT suggests that organisations must transact with other organisations that control access to critical resources and transactions may include the exchange of money, physical resources, information, expertise or social legitimacy (Pfeffer & Salancik, 2003). Furthermore, organisations require a steady flow of resource exchanges to operate. Sometimes stability may be valued higher than profits or organisational growth, hence trading partners may form alliances to reduce uncertainty and increase the stability of resource exchanges (Pfeffer & Salancik, 1978). Pfeffer and Salancik (2003) suggest that “some concentration of power is inevitable to achieve collective outcomes” (p.52), and that the control over necessary resources provides other organisations with power over focal organisations.

RDT is not without its critics (Hillman, Withers, & Collins, 2009; Nienhüser, 2008), which provide a useful counterpoint when considering our research context. An evaluation of RDT identified several criticisms of RDT (Nienhüser, 2008), such as that economic theories could explain many phenomena just as well as RDT (Donaldson, 1995). RDT has also been criticised for placing too much emphasis on material objective resources, rather than other

resource forms and how they are perceived (Clegg & Rura-Polley, 1998). A further criticism is that RDT does not identify which dependencies take precedence over others if several important dependencies exist, or acknowledge the multiplexity of dependencies and stakeholder importance, so combining RDT with stakeholder theory may offer opportunities (Hillman et al., 2009).

RDT is relevant to supply chain management, suggesting that organisations depend on other external organisations for essential resources within reciprocal relationships. Buyers and suppliers may develop closer relationships in order to influence the relative power balance (Cox & Ireland, 2002; Drees & Heugens, 2013; Pfeffer & Salancik, 1978). Buyers control resources on which suppliers are dependent, hence buying organisations are able to influence the behaviour of suppliers (Baum & Oliver, 1991; Touboullic, Chicksand, & Walker, 2014). Buyer and supplier organisations need to identify critical resources and who controls them (Mont & Leire, 2009). By pursuing sustainability initiatives in supply chain management, organisations may gain social legitimacy. In a meta-analysis of RDT studies, it was found that RDT can explain organizational actions that have societal acceptance rather than economic performance as an ulterior motive (Drees & Heugens, 2013). A study of law firms combined RDT and institutional theory, and found that resource scarcity drives, and social legitimacy enables, institutional change (Sherer & Lee, 2002).

RDT has been adopted to explore SSCM in private sector contexts. A power perspective based on RDT has been adopted to examine the implementation of sustainable practices within food supply chains (Touboullic et al., 2014), and RDT has been used to explain the adoption of sustainability practices by first-tier suppliers (Foerstl, Azadegan, Leppelt, & Hartmann, 2015). Dependencies have also been explored in a social SSCM context (Awaysheh & Klassen, 2010). RDT has been adopted to explore supply chain integration, innovation, and sustainability policies (Xu et al., 2019). RDT has also been adopted to help structure SSCM literature reviews (Dania et al., 2018; Gold, Seuring, & Beske, 2010; Tachizawa & Wong, 2014). However, RDT has rarely been applied in a public procurement context (Pazirandeh & Norrman, 2014). More specifically, we could not identify any studies that adopt RDT to look at social public procurement or CBs.

We propose that RDT can be applied to public sector procurement and supply chains and fills a gap since “organization theory has been, for the most part, content to be silent in discussions of public policy, particularly policies dealing with economic actors and markets” (Pfeffer and Salancik 2003, p. xxv). It has also been suggested that the area where RDT most needs theoretical and empirical work is around political actions (Hillman et al., 2009), and ‘[a]lthough scholars recognize the heterogeneity of dependence that accompanies government decision making, little theoretical development seeks to address this phenomena.’ (p.1420).

In our research context, public procurement and CBs are a major departure from the private sector SSCM literature where RDT is usually applied. We have shown that public procurement is very different from commercial procurement, and is bound by certain regulations and legislation. It has multiple stakeholders and dependencies, and CBs may be seen as a source of social legitimacy. We aim to explore RDT in this new context, to see what new insights can be offered for theory and practice.

### 2.5.2 *Abductive theorizing: elaborating on RDT*

Having decided upon RDT to provide a guiding theoretical frame for our research, our next consideration is whether through our research we seek to engage in theory building, testing or elaboration (Ketokivi & Choi, 2014). Our approach can be described as abductive theorizing, to allow for theory elaboration which is a ‘disciplined iteration between general theory and the empirical data’ (p.236) (Ketokivi & Choi, 2014). An abductive approach allows us to connect with prior theory (Gehman et al., 2018) and infer the best explanation by reflecting between prior literature and data.

We did not seek to engage in inductive theorizing (grounded in the data) or deductive theorizing (grounded in prior knowledge) (Bansal, Smith, & Vaara, 2018; Gehman et al., 2018), but chose the middle path of abductive theorizing. Some authors suggest that the grounded theory idea that qualitative researchers come into the research situation as a *tabula rasa* with no prior knowledge or theoretical ideas is illusory (Fawcett et al., 2014; Gehman et al., 2018). Conversely, applying theory rigidly may be restrictive and prevent novel insights (Gehman et al., 2018). We sought to apply prior knowledge whilst still being sensitive to the research context and allowing new themes to emerge.

We adopt RDT to guide the analytical iteration process between theory and data (Meinlschmidt, Schleper, & Foerstl, 2018). This process required us to ‘travel back and forth’ between our empirical findings and theory (Miles & Huberman, 1994; Strauss & Corbin, 1990). Abductive reasoning allows the general theory to be treated malleably in order to reconcile it with contextual idiosyncrasies (Ketokivi & Choi, 2014). We aim to elaborate upon an existing theory, meaning that ‘existing theory in the area exists but gaps or oversights need to be filled’ (p.859) (Pratt, 2009). Considering where the gaps are, we have already observed that RDT has been adopted in SSCM, but not in a social public procurement context. Second, RDT research is lacking in public policy and government settings. Third, studies in SSCM often focus on the buying organisation, whereas we aim to adopt a dyadic approach to RDT by including both buyer and supplier perspectives on resources and power. Fourth, our public procurement context involves big resources in terms of spend, and potentially big power imbalances between the public and private sector organisations. We therefore seek to elaborate upon RDT, to see if our data suggests that there are specific constructs that need to be added to existing RDT concepts and processes.

Figures are a good way of capturing one’s chain of evidence in theory elaboration using case based qualitative data (Pratt, 2009; Yin, 2014). In Figure 2, we show the process of abductive theorizing, iteratively reflecting between theory and data. We capture the themes of RDT in our initial conceptual model, then present our empirical study. We then use RDT to guide our analysis whilst allowing new themes to emerge from the data, and then reflect between our findings and RDT theory and SSCM literature. Subsequently we revise our conceptual model.

[Insert Figure 2 about here]

Therefore, in Figure 3, we propose our initial conceptual model based on our review of RDT (Pfeffer and Salancik, 2003), but applied in our social public procurement context. At the top of the model are the dyadic organisations public procurers and suppliers, connected in relationships and conducting transactions. The RDT elements include resource dependency

and balance of power. We shall return to this conceptual model in the discussion (Figure 4) to show how we have elaborated upon RDT in this context through our empirical investigations, following our abductive theorizing process.

[Insert Figure 3 about here]

### 3. Methodology

A case-based qualitative research design for data collection was applied in this research. This is particularly suitable for an abductive approach to theory elaboration (Ketokivi & Choi, 2014) and allowed us to conduct variance-based case studies and see patterns across the data set (Bansal et al., 2018). We conducted purposive sampling (Eisenhardt, 1989; Gehman et al., 2018) to control for type of organisation, and compare different types of public sector organisations, as well as comparing the perspectives of buyers and suppliers. Methodological details are provided below, to enhance the transparency of our research (Fawcett et al., 2014), and help provide a chain of evidence (Pratt, 2009; Yin, 2014).

In terms of purposive sampling, we needed to identify a variety of case studies of potential public sector organisations and their suppliers who were experienced in CBs implementation. Desk research indicated that 1170 public sector contract notices published by UK contracting authorities in the Official Journal of the European Union (OJEU, 2020) between 1<sup>st</sup> January 2012 and 31<sup>st</sup> December 2015 contained references to CBs, a number growing year on year. This search allowed us to identify three types of Welsh public sector organisations that were proactive in terms of CBs implementation: local authorities (LAs), registered social landlords (RSLs) and higher education institutes (HEs). We then identified specific organisations within South and West Wales for ease of data collection. Table 1 describes the main features of the public sector organisations participating in the study. The organisations differ in what sorts of public services they deliver, but they all have the Welsh Government as a key stakeholder.

[Insert Table 1 about here]

Each organisation was approached by email initially and this was followed up with a phone call once the relevant internal key contacts had been identified. One of the researchers had previously been a public sector procurer for over 20 years and led the data collection process, and had an informed position in the field (Pratt, 2009). The key contacts were asked to identify individual participants involved in CBs implementation, including non-procurement staff, and to propose key suppliers (S). The unit of analysis (Pratt, 2009) was the buyer-supplier dyad. Conducting semi-structured interviews and focus groups facilitated discussion of a range of complex issues with participants experienced in CBs implementation. Table 2 shows the spread of 72 participants across 29 organisations (12 public sector; 17 suppliers). Participants ranged in job role from Procurement and Estates Directors, to Contracts Managers and Community Benefits Coordinators.

[Insert Table 2 about here]

With regards to our data collection process, a semi-structured interview protocol was developed (see Appendix). This protocol built on a review of issues identified in the academic and grey literature and theoretical considerations. The interviews were semi-structured and were modified depending on whether participants were from buyer or supplier organisations, and to allow interesting leads to be followed up. Interviews were recorded and assurances were given concerning confidentiality. The two focus group events occurred at meetings within the public procurement organisations. A researcher attended and observed, and then ran the focus groups after the meeting agenda was complete. The focus groups followed a similar question structure to the interview protocol, but the questions were open to the focus group for discussion. Interviews and focus groups were audio recorded and then transcribed. Individual interviewees were sent the transcriptions and asked to confirm their responses, but this was not practical for the focus groups.

In terms of data analysis, the transcripts were coded for each participant's identity and organization, allowing comparison of responses within and between organisations (Miles & Huberman, 1994). The transcripts were coded for the RDT themes of power and resources, for factors affecting CBs implementation, and relationship issues between buyers/suppliers. The interview data was analysed iteratively, and each interview transcript was scrutinized for data relating to RDT themes and for any novel themes emerging from the data. We continued to analyse each interview, until there was a saturation of themes (Bowen, 2008), and no further themes were suggested. Then the research team clustered, tabulated and analysed the data to compare similarities and differences between types of public sector organisations, and between buyers and suppliers. To our RDT themes, we therefore added (1) Welsh government as an additional powerful stakeholder, (2) inter and intra organisational issues (3) challenges, and (4) enablers.

The research design considered credibility, dependability, confirmability and transferability to ensure that qualitative research criteria were met (Guba & Lincoln, 1989; Halldorsson & Aastrup, 2003). Table 3 provides details of the steps taken to ensure that our approach to qualitative data collection and analysis was sound. We purposively sampled people with experience in implementing CBs in different roles. We sought to improve dependability by comparing buyers and suppliers, and different public sector settings, and sought feedback from buyers and suppliers on the findings. With regards to data collection, we followed an interview protocol, ensured anonymity and interviewees verified their transcripts. With data analysis, we were systematic in our coding, discussed coding issues during the process to clarify any discrepancies, and drew on themes from an established theory RDT, whilst seeking novel themes emerging from the data.

[Insert Table 3 about here]

## **4. Findings**

This section summarises some key findings from our case studies. Supporting evidence is anonymised and the findings are reported below and discussed in section 5.

### *4.1 Challenges*

A number of challenges emerged from the data when considering the factors affecting CBs implementation.

#### 4.1.1 Tensions between political drivers and the perceived risk of legal challenge

Our data showed that public sector organisations have to balance a range of external and organisational demands and comply with a range of legislative requirements when contracting for goods and services. Many of the public sector participants in this study reported that a perception of legal risk or challenge could inhibit CBs implementation, particularly in relation to actively encouraging the participation of local SMEs within the supply chain. For example, an LA participant explained that *“It’s all about managing risk... The Welsh Government department’s advice goes against the agenda of trying to stimulate the local economy. It’s up to the organisation to make that call.”*

A number of participants expressed concerns linked to the political uncertainty arising from the UK’s proposed exit from the EU. Additionally, continuing budget cuts due to austerity and the potential loss of EU funding were mentioned. In some cases unforeseen challenges had arisen due to changes to funding for schemes targeted at addressing social inequality, unemployment or training. For example, a supplier explained how austerity measures had impacted on programmes designed to help match potential applicants to training opportunities: *“A previous job-match contract was 95% proven to get them into work but then the funding was inexplicably stopped.”*

One type of CBs recommended by the Welsh Government is staff retention and training. However, employees or trainees cannot be retained unless suppliers have sufficient work to sustain staffing levels. Uncertainty over funding resources impacted on suppliers’ ability to retain staff or invest in them. As one supplier explained: *“uncertainty will result in a reluctance to invest in training and development”*.

The Welsh Government is responsible for collecting the apprenticeship levy and deciding how the funds should be used; but at the time of the study one supplier said the future strategy was unclear; *“As far as we understand it, Welsh Government is going to collect the [apprenticeship levy] and then decide what they’re going to do with it. There is no guarantee that all of that levy goes back into training”*. Participants suggested that CBs implementation would be assisted by greater legal and political certainty and a higher level of consistency from Welsh Government.

#### 4.1.2 Tensions between collaborative procurement and other goals

The interviewees revealed some of the tensions that arise when organisations seek to balance obtaining value for money through collaborative procurement, and pursuing other goals such as promoting the inclusion of SMEs or third sector organisations within supply chains. Public bodies may seek to maximise the power of procurement expenditure by aggregating contracts, collaboratively procuring goods and services or participating in purchasing consortia. Many public sector participants highlighted possible conflicts between supporting the Welsh Government’s collaborative procurement initiatives and developing SME involvement through their supply chain. As one RSL participant explained: *“Changes to contracting, for example to create larger contracts more amenable to TR&T, can result in excluding SMEs.”*

The Welsh Government established the National Procurement Service to tender collaborative framework agreements or contracts for commonly purchased commodities and services (National Procurement Service, 2020). Some public sector participants viewed the

collaborative procurement and framework agreement activities promoted by the National Procurement Service as hindering their ability to award contracts to local suppliers, or more generally conflicting with other organisational goals. For example, one LA participant said: *“The National Procurement Service can be a hindrance where the organisation is trying to keep spend as local as possible.”*

Some public sector organisations and first tier suppliers had encountered difficulty including local SMEs in their supply chains, particularly for larger value contracts or goods and services that were not available through local suppliers. Encouraging smaller supplies to jointly or collaboratively bid for contracts has been suggested as a method of overcoming the capacity issues that can disadvantage them in the bidding process (Welsh Government, 2014). However one LA had encountered resistance from suppliers to this approach: *“They don’t want to work together... the reluctance is huge”*. The Welsh Government has proposed two other methods of countering the impact of larger contracts/framework agreements. Public sector organisations can require main contractors to advertise subcontracts on the Welsh Government’s ‘Sell2Wales’ online marketplace under the contracts notification section (Sell2Wales, 2020), or public sector organisations/main contractors may host face-to-face “Meet the Buyer” events (Welsh Government, 2014).

However, ensuring opportunities to participate through advertising subcontracts was not necessarily deemed effective. One potential unforeseen consequence was the conflict between this requirement and the established supply chains of main contractors. As one large supplier explained: *“The organisation has a supply chain family which consists of a preferred list of contractors: approved, recommended and strategic... Another aim of this approach is to build trust and faith, so as faith builds, retention monies are released earlier... We feel that we’ve got a pretty good supply chain, and we look after them and they look after us.”*

#### 4.1.3 Trade-offs between costs and perceived CBs benefits

Budget cuts resulting from austerity can result in cost being prioritised above other considerations, or limit the focus of CBs to certain contracts. As highlighted by an LA participant: *“...the greater good from CBs is the way to go but when the budgets are being reduced ... directors complain they could be getting a better price.”* Most public sector participants viewed CBs as being implemented in a cost-neutral manner, or suggested that obtaining value for money could be traded-off against any additional costs.

Conversely, the majority of suppliers claimed that costs were incurred; and additional costs related to CBs implementation or monitoring were either hidden, since the client did not wish them to be disclosed or passed down the supply chain. As one supplier explained: *“CBs do have a cost attached, but this is not reflected in the tender price as they are categorised as ‘non-recoverables’ so represent a loss... Alternatively the costs will get negotiated further down with the subcontractor packages.”*

The study indicated that CBs were not always included in the award criteria for contracts, and even when they were, price or other criteria were ranked more highly. The findings also suggest that public sector organizations prefer to view CBs implementation as cost-neutral, and suppliers perpetuate this view by not transparently disclosing the costs associated with implementation.

#### 4.1.4 Unanticipated consequences of types of CBs

Targeted recruitment and training (TR&T) emerged in this study as the most common form of CBs sought by the participating public sector organisations. Such initiatives could be targeted at persons not in employment, education or training, or other groups such as service veterans. The study suggests that particular tensions arise when public sector organisations prioritise TR&T over other forms of CBs. Many participants had encountered a lack of potential applicants in certain categories, or difficulty finding agencies that could help identify suitable candidates. As one supplier said: *“It can be difficult to appoint NEETs [persons not in employment, education or training] ... or others that fall outside the traditional training route, identifying them, overcoming all the health and safety issues, trying to identify suitable programmes for homeless”*.

TR&T was a challenge for suppliers that had not previously worked in a region since they did not have established links with organisations that could facilitate access to target groups. Some participants suggested that such problems can be mitigated if organisations could liaise with other organisations that can facilitate recruitment or training, such as Workways, Careers Wales, the Construction Industry Training Board or Build UK. One supplier suggested tying TR&T delivery into the client’s existing schemes or partnerships: *“[we] will look at what partnerships the client has, any particular requirements or local priorities, trying to find something that will slipstream into any existing programmes that they may have because it’s so much easier to cut to the chase if there’s already a skills and partnership agreement”*.

Although the Welsh Government’s CBs guidance encourages the retention and training of existing employees, the promotion of TR&T appears to mitigate against this. A supplier explained: *“The other issue is with the TR&T and the way it’s written and set out at the moment, it’s almost encouraging you to employ people for a project and then let them go at the end so that you can employ new people for a different project just so they can be ‘counted’ against a target... more public sector clients need to understand this”*. Participants highlighted the need for improved guidance to help realise CBs from a broader range of contracts.

The move towards collaborative procurement framework agreements rather than longer-term contracts results in less certainty for suppliers that they will win contracts, impacting on suppliers’ ability to deliver TR&T. Hence a lack of contract certainty was raised by many suppliers as impacting on TR&T delivery, resulting in associated costs and difficulty ensuring apprentices can gain the necessary experience to progress in construction. A supplier told us that: *“Some frameworks are speculative, and procurement consortium led... Funding uncertainty may have resulted in lots of smaller contracts, not providing the certainty [workflow] needed for many CBs, eg TR&T”*.

Suppliers suggested that TR&T would be more easily accommodated if they had greater contract certainty, allowing suppliers to ensure that apprentices could gain the necessary experience to obtain qualifications. Other possible solutions include increasing the availability and use of shared-apprenticeship schemes or funding for traditional apprenticeship schemes. Alternatively, clients could recognise that suppliers may not be able to offer TR&T and be more flexible to consider alternative types of CBs, potentially enabling more SMEs to provide CBs.

## 4.2 Resources

Wales is a member state of the UK and Welsh Government is a devolved Government for Wales responsible for making policies and laws in certain areas such as health and education according to powers delegated by the UK Government in the Government of Wales Act 2006 (UK Government, 2006). Wales receives an annual budget allocation from the UK Government (Welsh Government, 2020). Some funding is channelled to other Welsh public sector organisations which in turn use a significant proportion of funding to procure goods, works and services. Welsh Government provides resources and exerts influence on public procurers. For example, an LA participant highlighted the effectiveness of the Welsh Government's policy as being clearly linked to resource allocation: *"Part of the funding conditions for Welsh Government monies is a requirement to complete the CB management tool"*.

Welsh government hold access to valuable resources, which they leverage to ensure that public sector clients and main contractors drive CBs implementation through Welsh supply chains. Ensuring sufficient resources for implementation is essential for maximising CBs delivery. An LA participant explained the influence that key individuals can have on CBs delivery or monitoring: *"This problem is not helped when key people leave the organisation, so you have to start again trying to get them to appreciate such problems"*. Conversely, ensuring adequate resources and managerial support alongside guidance and training can enable more effective CBs implementation.

## 4.3 Power

Welsh Government has legal power in Wales and drives CBs policy. Welsh Government utilises its power to set policy to require that public sector organisations seek CBs when procuring goods, works and services. The power of the Welsh Government to enforce this policy was a clear driver emerging from the study. As one RSL participant explained: *"we are enforced to do it, with the Welsh Government driving us"*. The Welsh Government can also influence suppliers that wish to contract with it; and suppliers selling a larger proportion of goods to a government or other public sector organisations may be more willing to comply with government requests.

Whilst buyers and sellers are interdependent, the relation may be asymmetric with differing balance of power related to the availability of scarce resources, and levels of interdependency varying over time due to market conditions. The scarcer the resource, the higher the level of dependency by one party on another. Many suppliers indicated that client requirements and evidence of their capability to deliver CBs were important drivers for CBs implementation, since *"being able to evidence CSR and CBs is important for winning bids."*

Influential individuals also play their part. Many participants suggested that involving key internal or external participants could enable more effective CBs implementation. As one RSL participant explained: *"Contractors are very much viewed as partners, working together to achieve outcomes, viewing the relationships as a partnership rather than a supply chain"*. A supplier also highlighted the importance of involving others holding knowledge or power within their organisation: *"As one person, there's no way I am going to deliver everything... without the co-operation of other people, there's no way you could do it by yourself."*

Buying organisations, including large contractors, influence supplier behaviour and depend on other organisations to successfully deliver CBs. The Welsh Government controls financial resources on which public sector organisations and their suppliers depend; in turn main contractors hold resources on which subcontractors depend. Therefore, those who hold resources influence the behavior of other organisations and individuals by driving CBs implementation, delivery and reporting. Public sector organisations and suppliers implement CBs to demonstrate legitimacy and trustworthiness, for example to funders or clients.

#### *4.4 Cross-case comparisons*

In this section we make cross-case comparisons to compare across different public sector settings, then contrast buyer-supplier perspectives.

##### *4.4.1 Comparing across public sector buying organisations*

Some differences emerged in the responses of participants within different types of public sector organisation. Several RSL participants did not view their organisations as part of the public sector, considering them more akin to third sector organisations, with some viewing the activities of the National Procurement Service as being skewed towards LA requirements. RSLs are often based on a community mutual business model, placing the local community is at the heart of all the organisation's activities, and resulting in an awareness of a need to benefit their tenants or wider community. As one RSL participant said: *"The only customers we have are our tenants"*.

Providing social housing contributes to the social and economic well-being of the area in which it takes place. This may provide the opportunity to include a wide range of CBs in contracts to address social exclusion, and most RSLs operate a community fund to which suppliers can contribute, used to benefit tenants. There was a noticeable difference in the way supply chain relationships were viewed and managed, with RSL participants frequently referring to suppliers as 'partners' and collaborating more closely with them to ensure CBs delivery. RSLs in this study proposed the inclusion of a higher number of SMEs as first tier contractors than the other public organisations, and accessed dedicated staffing resources to support CBs implementation.

HE institutions generally dealt with national contractors, reflecting the more specialist nature of many types of contract linked to research activities and lower prevalence of contracts suitable for certain CBs types: *"To include CBs like TR&T requires large contracts, which are not so prevalent in this sector as, say, in local authorities"*. Proportionally more HE participants were concerned about legal barriers and potential future legislation than those in other sectors. They were more sceptical about achieving cost-neutrality.

LA participants were more concerned about political or legislative risks which impacted on organisational strategy. Local elections are held every four years, potentially resulting in changes in a LA's strategic focus and at the time of the interviews there was discussion of local authority reorganisation and boundary changes. *"The procurement strategy is out of date but revision has consciously been put on hold pending changes to legislation and the outcome of discussions on local authority restructuring across Wales... there's an inevitable need to tie in with the local government election timetable"*. Almost all the LA participants were concerned about potentially conflicting objectives, reflecting the wide range of services they have to provide to a more diverse range of clients in a period of austerity. As one LA

participant said: *“elected Members and Senior Officers have finite resources and have to put them where they think they will best fulfil their statutory requirements.”*

#### 4.4.2 Comparing buyer – supplier perspectives

There were some similarities between the challenges faced by suppliers and buyers seeking to implement CBs. For example, both types of participants reported issues related to identifying agencies that could assist with TR&T implementation. Participants in both groups suggested that greater flexibility would facilitate CBs implementation. However, some important differences in the perceptions of public sector buyers and their suppliers emerged. There were conflicting views on the costs associated with CBs implementation, with buyers preferring to view CBs implementation as cost-neutral and suppliers, particularly SMEs, concerned about costs related to CBs implementation.

A number of issues were mentioned by suppliers but recognised by few public sector organisations. The increased use of framework agreements has resulted in consequences for suppliers and impacted on SME and third sector suppliers, leading to contract uncertainty and limiting their ability to offer TR&T, or retain and train existing employees. Suppliers said that public sector clients didn't understand the implications and possible unanticipated consequences of their decisions.

As one supplier explained: *“capital works projects are very different to housing projects in terms of the timing of staff resources, so the CBs guidance for RSLs doesn't really translate well to capital works projects. Hence requirements such as 52 training weeks per annum per £1M do not translate as well to capital works where a trade may only be on-site for 3 months”*. Suppliers called for higher levels of liaison with public sector clients to help them overcome challenges; better guidance and training for clients; greater consistency in the approach to delivering CBs; higher levels of contract certainty; and earlier involvement. For example one supplier suggested that: *“Before bids are written, they could liaise a bit more closely with the market... Closer working relationships can be developed with clients. This includes tailoring content to reflect local circumstances.”*

## 5. Discussion and conclusions

In the next sections we discuss our findings and reflect back on theory and literature. We revisit our model of RDT, and formulate key propositions which may have resonance for broader SSCM and sustainable procurement research.

### 5.1 Factors influencing CBs implementation

The focus in this article has been to address the research question *‘What are the factors influencing the implementation of CBs in public procurement?’*. Our study highlights some of the enablers and challenges influencing CBs implementation, which are discussed below.

#### 5.1.1 Enablers of CBs implementation

A number of enablers of CBs implementation emerged from the interviews with buyers and suppliers, which are focused at different points in the supply chain. Welsh Government could clarify their policy guidance, clear up any misconceptions about whether TR&T is to be prioritised, and offer guidance on how to balance trade-offs between different policy

objectives such as value for money, collaborative procurement and supporting socioeconomic objectives.

Public sector buyers could ensure greater coordination among agencies supporting employment or training, communicate early with suppliers and involve all parties, and offer greater contract commitment, which would particularly help SMEs. It helps if buyers are consistent, develop work pipelines with suppliers, have flexible and realistic targets, and a more strategic view. Buyers could also acknowledge the challenges and costs faced by suppliers, and be aware of their interdependence with suppliers in achieving CBs goals.

Suppliers can offer sub-contractors supplier development programmes on CBs, and be more transparent, communicate early and share expertise with buyers. In an investigation of electric vehicle supply chains from an RDT perspective, it was found that early involvement and relationship-specific investments by the supplier can increase interdependency (Kalaitzi, Matopoulos, & Clegg, 2019).

With respect to RDT, it appears that social legitimacy is in play, with both buyers and suppliers suggesting that CBs is something they can agree upon as a shared goal. Financial resources are not the only resources at play; increasing communication between buyers and suppliers improves the flow of information resources, and will improve commitment and mitigate risks. It also is likely to lessen power imbalances that can occur if one organisation withholds information from another (Pfeffer & Salancik, 2003). This also extends to the powerful stakeholder of the Welsh government, as greater clarity and communication of CBs policy guidance will ensure a more informed approach to CBs implementation amongst buyers and suppliers.

*Proposition 1a: Greater coordination and communication among buyers and suppliers will enable CBs implementation*

*Proposition 1b: Buyers and suppliers may gain social legitimacy from CBs implementation*

### *5.1.2 Challenges of CBs implementation*

Our study also sought to explore the challenges of CBs implementation. We found evidence of tensions and unanticipated consequences that arise when implementing CBs. The implementation of CBs occurs in a context of conflicting policy agendas. Welsh public sector organisations have to manage competing policy goals when implementing CBs, along with value for money and collaborative procurement. This need to meet a wide range of objectives may result in trade-offs between cost, quality and wider social benefits (Lund-Thomsen & Costa, 2011; Meehan & Bryde, 2014). Public sector organisations struggle with budget cuts and a requirement to demonstrate short-term savings in a period of austerity (Lynch et al., 2016; Sutherland et al., 2015). Hence organisations are likely to give economic objectives a higher priority than other competing objectives (Eadie et al., 2011; Mont & Leire, 2009; Walker & Phillips, 2009).

With regards to value for money, there were clear tensions between buyer and supplier perspectives on the issue of cost. Although public sector participants preferred to view CBs implementation as cost-neutral, the cost of implementation emerged as a major concern for suppliers, particularly for SMEs with few resources. Suppliers made it clear that costs had to be passed to clients or absorbed, so CBs are not generally provided unless required by clients. Suppliers generally bear the cost of implementing sustainable practices and it is important that the benefits outweigh the cost (Hoejmose & Adrien-Kirby, 2012).

Collaborative procurement policy can also have unintended consequences for CBs. When public sector organisations join together to achieve economies of scale through collaborative procurement, larger suppliers with more resources may be favoured over SMEs to mitigate risks. Third sector organisations and SMEs often face barriers when seeking to tender for public sector contracts (Loosemore, 2016; Preuss & Walker, 2011). Collaborative procurement frameworks tend to be shorter fixed term contracts, and do not offer the scope for incorporating CBs that long-term contracts offer. It is harder for SMEs to provide TR&T and retain and train existing staff without contract commitment. “Industry voids”, where insufficient skills or capacity are available regionally or within a specific sector (Lynch et al., 2016) may result in difficulties in including local suppliers.

There are also unintended consequences around which aspects of CBs are prioritised. Early CBs policy guidance from the Welsh Government on housing construction emphasized Targeted Recruitment and Training (TR&T) (Constructing Excellence in Wales, 2012). This led to suppliers perceiving TR&T as a priority for the Welsh Government. This supplier perception may negatively impact on other forms of CBs, which were less prevalent in this study. By targeting groups such as long-term unemployed or young people, opportunities are reduced for individuals who do not fall within that priority group (Macfarlane, 2014). Successful TR&T implementation could be achieved by increasing resources to identify suitable candidates, and by buyers loosening the restrictions on targeting specific groups.

It is apparent that there are numerous challenges to CBs implementation. When we critically evaluate these challenges and reflect on RDT, we find that challenges occur at different levels. Some are manifested at the Welsh Government policy level where there are conflicting objectives, and CBs guidance could be clearer. Some challenges occur at the buyer level, such as not providing contract certainty, and a lack of acknowledgement that CBs are not cost neutral. These sorts of ‘inconsiderate’ buyer behaviours make life difficult for suppliers, and may emerge from buyers assuming that they hold the balance of power, with suppliers dependent on them for contracts. There needs to be a greater acceptance that buyers and suppliers are interdependent, and that CBs are less likely to be successfully implemented unless they work together (Touboulic et al., 2014).

*Proposition 2a: Buyers may be unaware that CBs implementation is not cost neutral for suppliers*

*Proposition 2b: Collaborative procurement that seeks economies of scale may have the unanticipated effect of impeding CBs implementation and buying from SMEs*

*Proposition 2c: It may be unintended by buyers, but suppliers may perceive one aspect of CBs as a priority over others*

### 5.1.3 Divergence in buyer and supplier views of implementing CBs

In the above sections we have discussed the enablers and challenges to CBs implementation. Interestingly, these factors were consistently identified by the suppliers but not the buyers interviewed in the study. CBs implementation incurs costs which are not always acknowledged by the buyer, but which are apparent to suppliers, and particularly felt by SMEs. Buyers seem less aware of some of the unintended consequences of their actions, such as how collaborative procurement or shorter contracts might hinder CBs implementation. In addition to highlighting such divergent views and challenges, these findings add weight to the value of exploring both buyer and supplier perspectives in studies concerned with SSCM (Hall, 2000; Miemczyk et al., 2012; Murfield & Tate, 2017) or sustainable procurement implementation.

*Proposition 3a: Buyer and supplier perspectives on CB implementation are likely to be divergent*

*Proposition 3b: Buyers may underestimate how their actions can impede CBs implementation*

## 5.2 Theoretical implications

Having considered some of the factors affecting CBs implementation, we now seek to revisit our conceptual model based on RDT in a public procurement context, and consider the theoretical implications of the study.

[Insert Table 4 about here]

In Table 4 we draw together our findings and relate them to the various elements of RDT. We add some constructs to the central tenets of RDT, which have emerged from our travelling back and forth between the theory and data. We also adopted an iterative process to check the themes emerging from our empirical analysis for support in the SSCM and sustainable procurement literature. On the left of Table 4, are the original RDT elements of resources and power (Pfeffer & Salancik, 1978; Salancik & Pfeffer, 1974). We also differentiated between inter- and intra-organisational issues, as the analysis revealed that resources and power transcend organisational boundaries. Next to these we add challenges as discussed in the section above, as it was apparent that there were conflicts, trade-offs and unintended consequences associated with implementing CBs. On the right of Table 4, we offer enablers of CBs implementation, and ways to ameliorate schisms between buyers and suppliers. The various elements of Table 4 are discussed below.

### 5.2.1 Resources

The resource dependency perspective helped to illuminate the flow of resources in a CBs context. We found that organizations hold valuable resources that can influence the actions of other organizations. How does this process of control over resources happen in our context? The Welsh Government procurement expenditure is a valuable resource and can be used to benefit the Welsh economy and community. The Welsh Government distributes public

funding to public sector organisations, who procure works, goods and services. The Welsh Government provides a policy imperative for CBs implementation, which public sector buyers need to adhere to, and this can often be in conflict with other policies such as collaborative procurement and value for money.

If we look at the buyer-supplier dyad, public sector buyers control who receives contracts, and work with suppliers to achieve successful CBs implementation. Suppliers and subcontractors compete to obtain a share of this resource by tendering for public sector contracts. Suppliers are often in a situation where they will offer CBs because their clients require it, and it is a route to gaining valuable resources and potential repeat business. We offer the following proposition:

*Proposition 4: Buyers and suppliers depend on one another for resources to implement CBs*

### 5.2.2 Power

In terms of the balance of power over resources, the Welsh Government seeks to influence the supply market, increasing the involvement of SMEs within supply chains, building skill levels in Wales, and reducing dependence on suppliers outside Wales. Legislation and regulations can mediate and influence market forces (Pfeffer & Salancik, 2003). The Welsh Government is a legislator and the most powerful stakeholder in our research setting, and actively uses regulatory power in addition to financial resources to exert power over public organizations and suppliers. Public procurement is bound by certain rules which do not occur in commercial procurement settings. For example, legislation requires that buyers are transparent, ensure open competition and a level playing field in the procurement process, which can restrict the development of longer-term relationships with suppliers. RDT emphasizes power derived from resource-related dependence, but our context reveals the importance of regulatory power wielded by the Welsh Government as well. This is an elaboration of RDT that arises in a public procurement rather than commercial context, where a commercial buyer and supplier may not be exposed to such additional pressures. However, there may be other important external stakeholders that influence the buyer-supplier dyads in a commercial setting, which would be worthy of further exploration (Hillman et al., 2009).

We have seen that this regulatory power concerns competing procurement objectives, such as value for money and collaborative procurement, which may run counter to CBs implementation, leaving buyers faced with making trade-offs between conflicting policy agendas. The Welsh Government may also wield regulatory power but not experience the consequences. The Welsh Government is a step removed from CBs implementation; “political decision makers most often do not directly experience the consequences of their actions” (p. 191) (Pfeffer & Salancik, 2003). We found that public sector organisations and their suppliers, rather than the Welsh Government, are affected by the unanticipated consequences related to implementing CBs policy and have to deal with conflicting priorities, determining which trade-offs to make to ensure CBs compliance. For example, buyers are tasked by the Welsh Government with achieving value for money, CBs implementation and encouraging SMEs into the market. SMEs may not have the resources to respond to CBs criteria, and may not offer the economies of scale achieved through collaborative procurement from larger suppliers. SMEs may therefore be deterred from bidding for future contracts, and so the buyers are left with less choice and a more restricted supply market. Some priorities may be achieved at the expense of others. It is the Welsh Government that

sets the policies, but the buyers and suppliers that are directly affected. This could eventually lead to a lack of support for policies such as CBs within the public procurement and supplier communities.

In addition, we found a degree of interdependence between buyers and suppliers, relying on each other to achieve desired outcomes (Drees & Heugens, 2013; Handfield, 1993). The extent to which buyers and suppliers are dependent upon each other was found to have limited influence on the implementation of supplier socially responsible practices in a commercial context (Awaysheh & Klassen, 2010). Conversely, another study found that even though a buyer has some financial power over a supplier, it recognizes that it is dependent on the supplier to ensure SSCM implementation, so it does not try to act in a dominant way towards the supplier (Touboulic et al., 2014). Similarly, in our public sector context, buyers and suppliers can be considered interdependent, and found implementing CBs was something that they agreed was a positive initiative. Implementing CBs provides buyers and suppliers with social legitimacy, and may lead to further funding or contracts (Baum & Oliver, 1991; Meyer & Rowan, 1977). Attracting further resources may become self-fulfilling for better-resourced larger suppliers who are known to buyers, and have greater capacity to deliver and report CBs. This can lead to resource constrained SMEs being further squeezed out of the market. This leads to the following propositions:

*Proposition 5a: Powerful external stakeholders outside the buyer-supplier dyad control resources that influence CBs implementation*

*Proposition 5b: Powerful government stakeholders wield both financial and regulatory power*

*Proposition 5c: SMEs lack power and resources which may lead to less success in winning contracts*

### *5.2.3 Intra and inter organisational issues*

In terms of inter-organisational issues, we have seen that the buyer and supplier views of implementing CBs are divergent. The power of a department, team or individual to influence actions may be linked to the amount of resources they control (Salancik & Pfeffer, 1974). The early involvement of key organisations and individuals emerged as a key facilitator of successful CBs implementation. Identifying who are the key players controlling resources and gaining managerial support was found to be important. This leads to the following proposition:

*Proposition 6: Key internal and external stakeholders may have power and control over resources which can influence CBs implementation*

### *5.3 Revisiting our conceptual model*

Having discussed the themes emerging from iterative reflection between theory and data in Table 4, we now revisit our original conceptual model in Figure 4, to add some flesh to its bones. We elaborate upon our RDT conceptual model in four ways, showing the new additions in grey in figure 4. These constructs are not articulated in the original RDT, and our process of theory elaboration has served to illuminate resource dependency issues in a public

procurement context, and may have a resonance for research exploring other situations of buyer-supplier interdependencies.

In the top left of the model, we have included an influential stakeholder the ‘*Welsh Government*’ as one of the actors influencing the buyer-supplier dyad. We also show its power and resources in grey. Because government controls the flow of funds and has regulatory power, it has the greater influence, whereas buyers and suppliers are more interdependent. Therefore, we show the power scales as tipped in the Welsh Government’s favour, whereas the power scales between buyers and suppliers are level to show interdependency. To the right of the model, we have added an element that says ‘*Inter and intra organisational issues*’. Buyers and suppliers have different views of CBs implementation, as do buyers across public sector organisations, such as RSLs being more likely to see suppliers as ‘partners’. In addition, key individuals can strongly influence CBs implementation. Towards the bottom of the model, we have captured the ‘*challenges*’ identified in our study, as power imbalances and competition for resources can lead to a number of tensions, trade-offs, and unintended consequences. Finally, we identified a number of ‘*enablers*’ of resource flow for CBs implementation. We show the enablers and challenges from the perspective of the different actors in public procurement, for the Welsh Government, public procurers, suppliers, and in the buyer-supplier dyad. The elaborated RDT conceptual model looks static, but we are aware that the elements are inter-related and dynamic, and may shift. For example, dependencies may change with new public procurement policy launches, or in markets where there are fewer suppliers so that the balance of power shifts.

[Insert Figure 4 about here]

#### *5.4 Practical implications*

This study suggests that the Welsh Government’s policy of CBs has successfully driven implementation by public sector organisations and within their supply chains. Although the study found support among public sector organisations and suppliers, some participants criticised how it had been communicated through guidance and training. Several suppliers expressed concerns that public sector clients did not understand the implications for suppliers or possible unintended consequences of their decisions when implementing CBs. Politicians and public sector organisations need to acknowledge that CBs delivery is rarely cost-neutral. The costs to suppliers could be offset through more consistent funding to support employment and training and providing higher levels of contract certainty. Adopting such measures could provide an incentive for SMEs and third sector organisations to bid for public sector contracts by decreasing the costs associated with providing CBs.

A number of enablers have been identified in Table 4, which will provide some helpful suggestions for policy makers and buyer and supplier practitioners. This study highlighted the need for higher levels of communication, liaison and flexibility between suppliers, clients, and public sector organisations. This is especially important in the pre-market engagement and early contract phases of projects. The Welsh Government policy makers need to provide clearer guidance about competing procurement objectives. The Welsh government and public sector buyers need to be aware that regulatory power and buyer dominance may have a counter effect on CBs implementation.

### *5.5 Limitations and recommendations for further research*

In our conceptual model in figure 4, we have elaborated upon the main elements of RDT, and show the complex flow of resources, power and tensions between organisations in a public procurement context. It would be useful for future research to explore this model in more detail and in different public sector contexts, comparing the perspectives of the different buyer and supplier actors, and exploring how central government wields regulatory and financial power, and its affect upon sustainability initiatives. We have also offered up a number of propositions from our study, and future research could further test them.

Our study focused on CBs implementation in Wales. We sought to make comparisons across public sector organisations. Several studies have focused on implementing social procurement initiatives in a single type of public sector organisation such as local authorities (Lynch et al., 2016; Preuss, 2009) or social landlords (Meehan & Bryde, 2014). Including three types of public sector organisation in this study aimed at improving the generalisability of the findings in a public procurement context. To extend this further, future research could develop a survey to seek the views of buyers and suppliers across different public sector and national contexts.

Our study sought views from both buyers and suppliers in dyadic relationships. Our findings suggest that buyers are less aware or less concerned about the challenges that suppliers face in implementing CBs. It has been observed that the majority of previous studies into SSCM implementation have solely considered a buyer perspective (Miemczyk et al., 2012). By adopting a dyadic approach, this study lifts the lid on implementing CBs from both the buyer and supplier perspectives, and highlights the divergence of views. We would recommend that a dyadic approach is worthy of pursuit in SSCM research, public procurement research, and CBs research in particular, otherwise one only gets a buyer's eye view on the procurement process.

A further option for future research is to adopt RDT in different contexts. For example, one could consider different forms of socioeconomic procurement goals beyond CBs implementation, both in a public procurement and a private SSCM context. This will allow further understanding of what helps and hinders resource dependency and how it influences SSCM initiative implementation (Awaysheh & Klassen, 2010; Foerstl et al., 2015; Touboulic et al., 2014). The distinction between intra and inter-organisational issues from an RDT perspective would also be a rich vein to explore, potentially integrating RDT with stakeholder theory (Hillman et al., 2009), to explore the influential stakeholders that facilitate sustainability initiatives. Future research could also consider different resource and power contexts, such as markets where there are fewer suppliers, so the buyer's power to influence CBs implementation may be reduced.

Implementing socioeconomic policy goals through public procurement is an engaging and fruitful area for research and practice that seeks to pursue sustainable development goals and redress socioeconomic imbalances in society. Public procurement involves large amounts of money and is around £6 billion or 12% of Gross Domestic Product in Wales (Audit Wales, 2017), so there is a real opportunity to influence supply markets, and make significant changes that will be felt by local communities and small businesses, particularly important in an area of economic deprivation and high unemployment such as Wales. This study found widespread support amongst buyers and suppliers for implementing CBs in public sector contracts, but that there were significant challenges, conflicting agendas and unintended

consequences in the implementation process. By unpicking some of these difficulties, and focusing on the enablers, it may be possible to facilitate greater societal changes through public procurement.

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[Insert Appendix about here]

Figure 1: Achieving Community Benefits through procurement (Welsh Government, 2014, p.12)



Figure 2: Abductive theorizing process between RDT and case data

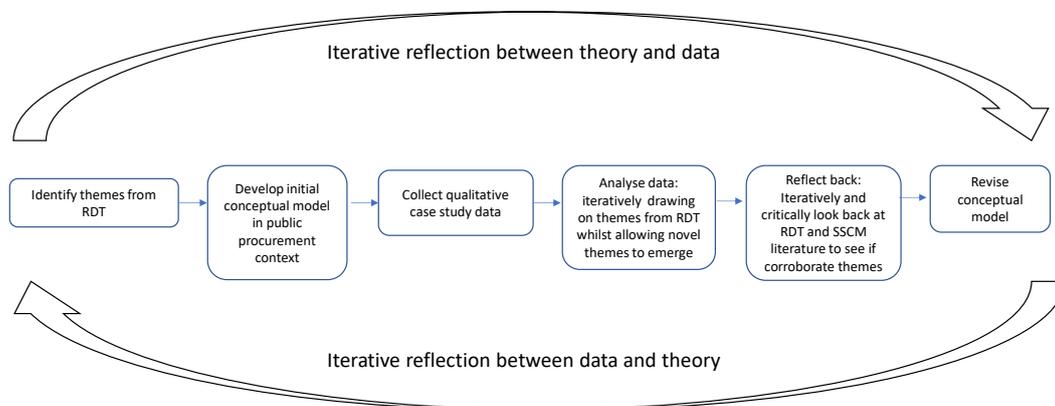


Figure 3: A conceptual model of public procurement through an RDT lens

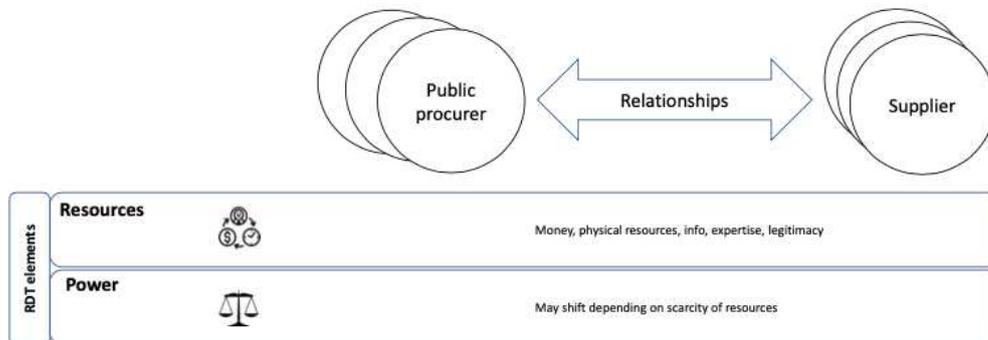


Figure 4: Revised conceptual model of RDT and additional themes in grey influencing CB implementation

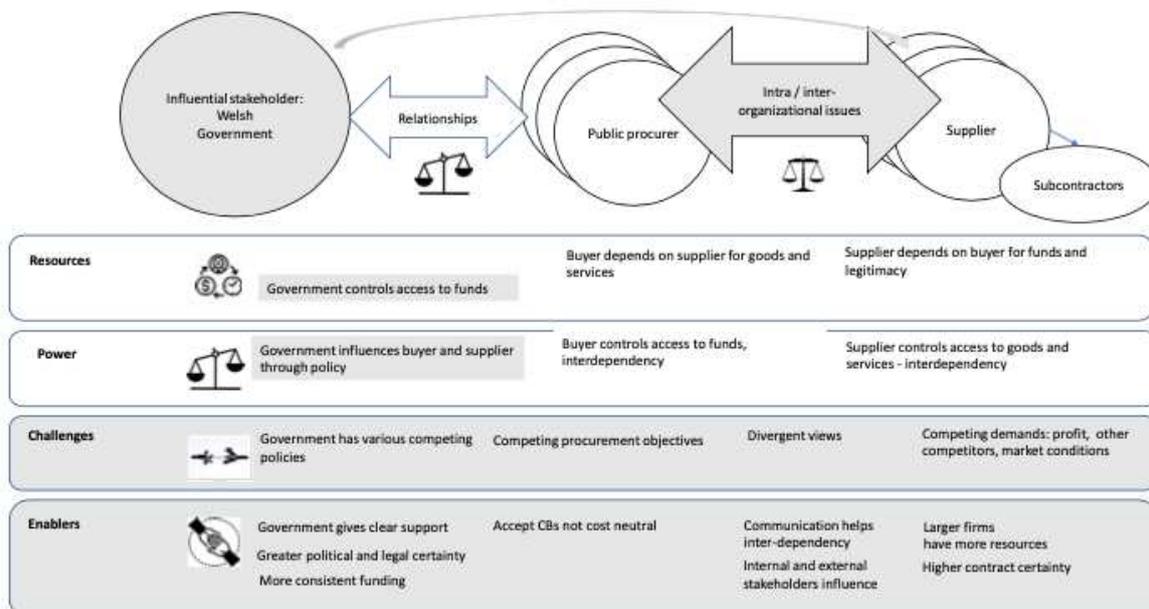


Table 1 Main features of public bodies participating in study

<b>Public sector organisation</b>	<b>Local Authorities (LAs)</b>	<b>Registered Social Landlords (RSLs)</b>	<b>Higher Education Institutes (HEs)</b>
<b>Function</b>	Provision of local government services	Provision of affordable housing	Education and research
<b>Key stakeholders</b>	Welsh Government Local businesses Electors	Welsh Government Tenants	Welsh Government Other funders Students
<b>Accountability (Regulator)</b>	Welsh Government Electorate	Welsh Government's Housing Regulation Team	Higher Education Funding Council for Wales HEFCW
<b>Funding structure</b>	Revenue Support Grant (Welsh Government) about 75% of income. Business rates and Council Tax	Social Housing Grants (Welsh Government) Rental income Local Authority grants or loans. Running costs: rental income. New homes: Grants and loans.	Around 16% of funding comes directly from government sources (Teaching fees represent the largest percentage of income 44%)
<b>Legislation</b>	The Local Government Act 1972 Local Government (Wales) Act 1994 All three tabled public bodies are required to comply with the Public Contracts Regulations 2015; Well-Being of Future Generations (Wales) Act 2015; and to follow the Welsh Government's Procurement Policy Statement.	Housing Act 1996	1996 Higher Education (Wales) Act 2015

Table 2: Overview of participants by sector and main role in organisation

Case Study	Participant Code	Participants' key roles	Time Taken	
			Hours	Minutes
Higher Education organisations and suppliers	HE1.A	Contract Manager	0	45
	HE1.B	Director (Estates)	0	20
	HE1.C	Contract Manager	1	19
	HE1.D	Procurement Director	0	56
	HE2	Procurement Director	0	46
	HE3	Procurement Director	0	52
	S1	Community Benefits Co-ordinator	1	46
	S2&S3	Contract Manager and Training Manager	1	33
	S4	Managing Director/Contract Manager	1	31
	S5	Community Benefits Co-ordinator/Contract Manager	1	15
Local Authority organisations and suppliers	S6	Community Benefits Co-ordinator	0	45
	LA1.A	Contract Manager (Estates)	1	7
	LA1.B	Contract Manager (Social care)	0	48
	LA1.C	Community Benefits Co-ordinator	2	
	LA1.D	Procurement Director	1	35
	LA1.E	Contract Manager (Catering)	0	38
	LA2	Community Benefits Co-ordinator	0	54
	LA3.A & B	Procurement Director and Community Benefits Co-ordinator	1	28
	LA3.A1	14 focus group participants with responsibilities including the procurement, environment, education, social services, construction, buildings maintenance and corporate services	4	30
	LA4.A	Contract Manager (Property Maintenance)	1	34
	LA4.B	Contract Manager (Housing)	0	56
	LA4.C&D	Procurement Manager and Community Benefits Co-ordinator	1	03
	LA5	Procurement Director	0	58
	S7	Managing Director/Contract Manager	1	17
	S8	Community Benefits Co-ordinator	0	44
	S9.A,B&C	Managing Director; Contract Manager; Community Benefits Co-ordinator	1	34
	S10.A&B	Contract Manager & Community Benefits Co-ordinator	1	38
S11	Contract Manager	0	43	
Registered Social Housing organisations and suppliers	RSL1	Procurement Director	1	36
	RSL2	Community Benefits Co-ordinator	1	44
	RSL3.A	Procurement Director	0	55
	RSL3.A1	16 focus group participants with responsibilities including procurement, contract management, employability skills, community engagement	4	30
	S12	Contract Manager/Health & Safety Co-ordinator	0	50
	S13	Contract Manager/Business Development Manager	0	56
	S14	Managing Director/Contract Manager	0	52
	S15	Contract Manager	0	57
	S16	Managing Director/Contract Manager	1	44
S17	Community Benefits Co-ordinator	1	19	

Table 3: Qualitative research criteria steps

<b>Criteria</b>	<b>Steps taken to achieve</b>
<i>Credibility</i>	Purposive selection of participants with experience of implementing CBs Adoption of established theory (RDT) to explore the extent to which dependence on resources could compromise or facilitate CBs implementation and to explore resource-based solutions
<i>Dependability</i>	Comparing CBs implementation in a range of contexts including a dyadic approach Ensuring participants with different roles for implementation were included wherever possible Verification of interview records with participants prior to analysis Maintaining a chain of evidence linking records to the coding of findings
<i>Confirmability</i>	Considered in the development of the interview protocol Selecting participants with a wide range of backgrounds and experience Minimising the risk of researcher bias when collecting and analyzing data Copying data directly from agreed interview records into coding sheets A summary of findings was presented to participants at a CIPS event, attended by buyers and suppliers, and feedback was collected
<i>Transferability</i>	Data collected according to an interview protocol Comparing results across participant groups and types Linking findings to a review of the academic and grey literature

Table 4 RDT elements, challenges and enablers of CBs implementation

RDT	INTER/ INTRA	RDT element and supporting literature	Challenges	Enablers
RESOURCES	INTER	Buyers control resources on which suppliers depend and can influence the behavior of suppliers (Baum and Oliver, 1991; Touboulic <i>et al.</i> , 2014)	Suppliers feel obliged to implement CBs to win contracts, yet it is not cost-neutral	Buyers could undertake pre-market engagement to understand suppliers' concerns about the potential impact of their demands
		Organisations are linked by a range of external relationships (Pfeffer and Salancik 2003). Lack of policy framework and process alignment. Potential conflict between goals and objectives (Erridge and Hennigan, 2012; Preuss, 2011)	Welsh government has particular power, and agencies are key to enabling TR&T	Buyers can develop guidance on accessing agencies that can provide links to beneficiaries or training funds. Consider shared apprenticeship schemes.
		Organisations prefer dealing with organisations or individuals they know (Pfeffer and Salancik 2003)	SMEs may be squeezed out of market; restricted to a few larger suppliers	Buyers can encourage suppliers to run supplier development programmes.
		The organisation must transact with organisations that control access to resources, including the exchange of money, physical resources, information, expertise or social legitimacy (Pfeffer and Salancik 2003)	A lack of communication and sharing expertise can hinder CBs	Information and expertise exchanges can maximise the potential for CBs delivery.
		Organisations require a steady flow of resource exchanges to operate (Pfeffer and Salancik 2003)	Collaborative procurement can lead to shorter fixed term contracts, which reduce certainty of suppliers	Suppliers need greater contract certainty, or for buyers to be more flexible in their selection of CBs types.
	INTRA	The organisation should identify critical resources needed and who controls them (Salancik and Pfeffer, 1974; Preuss, 2009; Mont and Leire, 2009; Eadie <i>et al.</i> , 2011). Ambiguous internal goals (Lund-Thomsen and Costa, 2011; Preuss; 2009; Sutherland <i>et al.</i> , 2015)	If those controlling resources are not on board internally it can hinder CBs. Does CBs align with organisational strategy?	Ensure adequate resources and managerial support. Involve key internal actors earlier in implementation. Clearly communicate goals within buyer and supplier orgs
POWER	INTER	Buyers and sellers are interdependent but the relationship may be asymmetric according to the balance of power (Pfeffer and Salancik 2003). Individuals and organisations have to determine whose competing demands to prioritise (Pfeffer and Salancik 2003)	Buyers decide who wins contracts, but suppliers are the ones who implement CBs. Degree of dependency each way	Buyers and suppliers need to recognise interdependence, buyers need to recognise costs, suppliers need to be more transparent about cost/tensions.
		Buyers and suppliers may develop closer relationships to influence the relative power balance (Pfeffer and Salancik, 2003; Cox <i>et al.</i> , 2002; Drees and Heugens, 2013). Buyers may fail to understand the implications of CBs for contractors.	Potential new suppliers may be disadvantaged as they do not have relationships with suppliers	Good communication and closer liaison between buyers and suppliers. Meet the buyer events are helpful. Increased flexibility. Realistic targets.
		Legislation and regulations can be used as mediators to control market forces. Some concentration of power needed to achieve collective outcomes (Pfeffer and Salancik, 2003; Sutherland <i>et al.</i> , 2015).	Welsh government has conflicting policy agendas, but has the power to push for CBs agenda	Policy-makers need to be aware of unintended consequences and consider how they might be mitigated. Policy-makers need to provide greater clarity in guidance and processes
	INTRA	The power of a department to influence actions is linked to the amount of resources it controls (Salancik and Pfeffer, 1974)	Influential actors can hinder CBs	Identify critical resources needed for implementation and who controls them

## **Appendix: Example interview questions for public sector participants**

Can you tell me about your role in implementing CBs across this organisation?

Can you tell me more about who is involved in delivering CBs within your organisation?

Can you identify any drivers or pressures that have led to including CBs in contracts?

How have CBs been integrated within the wider organisation's strategy, policies or procedures?

How is the approach communicated to those involved in procurement? (internal, external)

How is the approach communicated to potential suppliers?

How is your relationship with your suppliers that implement CBs?

Are you dependent on your suppliers? Are they dependent on you?

How have suppliers responded to your approach?

Do responsive suppliers win contracts? Other resources?

What would you do if a tenderer failed to submit a CB plan?

What factors do you consider have enabled implementation of CBs?

What kinds of challenges have you encountered in implementing CBs? (internal, external)

What forms of monitoring are in place to ensure CBs are delivered?

What forms of incentives or penalties are in place to ensure compliance and are they enforced?

How are CBs reported, both internally and externally?

What are the benefits to your organisation and others from implementing CBs?

Can you think of examples of expected CBs not being realised?