

A THEORETICAL FRAMEWORK OF SOCIAL VALUE IN CONSTRUCTION EMPLOYMENT

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Construction companies are increasingly being required to demonstrate the social value they create when tendering for projects for both public and socially responsible private sector clients. However, the concept of social value remains theoretically under-developed and there are many unanswered questions about how to define and measure it. Addressing these gaps, the aim of this empirical paper is to present a new theory of social value grounded in Meinong's (1894) Value Theory and in the context of social procurement practices in the Australian construction industry. We test this theory using a survey of 61 construction workers in Australia, showing that construction companies create social value when they provide employment that promotes 'work benefits' and 'culture benefits'. Critical work benefits include adequate training; autonomy; and fair remuneration. Critical culture benefits include fostering good quality working relationships; promoting employees' autonomy and personal identity and values; and high levels of engagement with local communities and workers. It is concluded that other researchers should test or develop this theory in other settings to explore geographical or cultural variables in other countries.

Keywords: community, employer-of-choice, social value, procurement

INTRODUCTION

Construction companies are increasingly being required to demonstrate the social value they create when tendering for public sector projects and for socially responsible private clients. There are five critical drivers to this requirement: the historical use of public procurement to achieve social outcomes (McCrudden 2007); a receding welfare state in the context of New Public Governance (NPG) (Barraket *et al.*, 2016); increased focus on evaluation and measurement of social performance in order to command legitimacy with government funders (*ibid.*); recognition that construction work often operates in areas of significant disadvantage and purchasing construction materials, professional services and contractors has significant potential to address complex problems and create social value (Loosemore 2016, Fewings and Henjewe 2019: 82); and an increasing number of socially responsible private clients in the context of growing corporate social responsibility practices (Raiden *et al.*, 2019).

Despite the interest in social value, it remains an underexplored area because, as Mulgan (2010: 38-40) writes, social value is inherently “subjective, malleable and variable” in nature and means different things to different people based on their ethics,

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morals and priorities. This is especially relevant in the context of emerging construction social procurement requirements (Loosemore 2016) which require firms to create social value by providing employment opportunities for targeted groups such as Indigenous people (see Australian Government 2015) who come from different cultures which see value differently. In addition, social outcomes of construction procurement are often intangible (Troje and Kadefors 2018), which presents difficulties for construction clients seeking to evaluate the social value their procurement creates. This has resulted in many definitions of what social value is and how it is created, which has complicated attempts to understand social value conceptually and operationally (Raiden *et al.*, 2019). Troje and Gluch (2020) argue that this means there is often little to no follow-up by construction clients on the social value of their social procurement policies. Social value therefore remains a theoretically and operationally ambiguous concept (Raiden *et al.*, 2019).

In the above context, the aim of this paper is to address these issues by developing a theoretical framework of social value which addresses the employment-focussed nature of social value creation activities in the construction industry. More specifically, this paper addresses three main research questions: (1) What do construction employees want out of work? (2) What factors are critical to creating social value in the context of construction employment? and (3) What is the relationship between social value and work benefits for construction workers?

This paper proceeds with an overview of the conceptual foundation of our work. Merging Meinong's (1894) Value Theory with employer-of-choice research, we hypothesise that construction companies create social value for groups targeted by social procurement initiatives when they provide employment that promotes both 'work benefits' and 'culture benefits'. We then discuss the methodology to empirically test our theory using a survey of 61 construction workers from the Australian construction industry. The results are then presented and discussed in terms of their relevance to the emerging yet under-theorised field of social value and to practitioners working in this new area.

SOCIAL VALUE THEORY

Given the above challenges of conceptualising social value, several recent attempts have been made to better understand it. For example, in a construction management context, Raiden *et al.*, (2019: 17) reviewed numerous definitions from different fields and define social value as "the social impact of any construction organisation, project or programme makes to the lives of internal and external stakeholders affected by its activities". Outside of construction, Nicholls (2018: 148) theorised that accounting for social impact should give voice to and empower people through "the materiality of uncertainty data...via careful stakeholder engagement...that acknowledges the empowering potential of such processes as communicative action". To this end, Denny-Smith and Loosemore (2017) argue that positive social value in an Indigenous social procurement context in Australia is the result of 'acceptance' by social value recipients of various employment opportunities and the values or expectations held by their culture or society. More recently, Watts *et al.*, (2019) developed a social value tool which could be understood by numerous stakeholders simultaneously. While valuable, the tool is administered by employers who ask staff to complete a questionnaire, increasing the risk of employees answering based on social desirability bias. Social desirability bias is the possibility of respondents providing answers perceived to be culturally or socially acceptable and positive (Nardi 2003).

As Denny-Smith *et al.*, (2019) argue, it is too often those in a position of power who determine what social value is and how it should be measured. This excludes the perspectives and experiences of people meant to benefit from social value practices. In addition, there are also many controversies around existing tools that attempt to quantify and monetise social value, such as social return on investment (SROI) (or other prescriptive metrics) which Watts *et al.*, (2019) criticise for being too reductionistic and overly simplistic, by aiming to combine social impacts into a single financial value. This points to the lack of social value theory where, in the social sciences generally, Haugh (2012) argues that good theory development will lead to good practice. Therefore, there is a need for theory that explains the creation of social value, so that existing tools can be adapted to communicate the true impacts social value practices have on the people they are meant to benefit.

Theory development

Despite its age, Meinong's (1894) Value Theory is particularly useful in understanding social value creation because it proposes that there are four components acting together in a process of determining value: (1) Value subject: A person perceiving the social value created by social procurement policies or construction employment opportunities the policies provide; (2) Value object: the construction employment opportunities provided by social procurement policies which will be given a social value; (3) Existence judgement: An evaluation of the relationship between the value object (construction jobs) and someone's personal and cultural values, that determines the social value created by social procurement policies, and; (4) Value feeling: A person perceiving the social value that construction employment creates, based on the relationship between a value object (a job) and the existence judgement.

While useful for conceptualising the notion of value, Meinong's (1894) theory was not developed in a social value context which as discussed above, in the construction sector, is linked primarily to the creation of employment opportunities for disadvantaged groups targeted by social procurement policies. In this context, social value is created through employment which meets the needs of those targeted by these policies and research in the area of employer-of-choice (EOC) may hold some value in adapting the theory to a construction environment. Founded in efficiency wage theory, the concept of EOC suggests that workers have a choice of where to work and realise that different choices will likely lead to different levels of success and job satisfaction. Workers will therefore choose employment where they can take advantage of their skills and there is a balance between theirs and the organisation's values (Elving *et al.*, 2013). A review of the EOC research indicates that they generally include various combinations of the following criteria, in no specific order of priority: pay, conditions and benefits; employee engagement; leadership quality; safety and well-being; quality of workplace relationships; positive workplace culture and climate; equal opportunities, career development opportunities; flexible work practices, worker involvement and empowerment; receiving and giving feedback on work performance; clear company strategy and values; healthy and stimulating work environment; and corporate citizenship (Kuhnel *et al.*, 2009, Gill 2013). More recently, Bellou *et al.*'s (2015) research found that critical EOC factors include the following workplace characteristics: Adequate remuneration; positive working relationships; opportunities for self-development; recognition of achievements and making new employees feel welcome, and; corporate image, including a company's commercial and social image.

While useful, the large body of work on EOC is generic and as Hunter (2015) notes, research on the relationship between disadvantaged populations like Indigenous workers in Australia and their employers is scarce. Indeed, EOC research does not provide insight into the employment attributes workers seek in specific industry sectors such as construction which represent the focus of social procurement policies. While Sedighi and Loosemore (2012) explored EOC characteristics in construction from a graduate perspective, there has been no research into the types of employment which are likely to maximise social value in a construction context. The following section describes the method which was used to address this gap in research in order to provide a foundation for the refinement of Meinong's (1894) theory in the context of social value creation in construction employment.

METHOD

Based on an in-depth review of the employer-of-choice literature summarised above, we undertook an online anonymous survey of construction workers in Australia to explore the employment conditions which would create maximum social value for people specifically working in the construction industry. While the positivist conventions of surveys could be argued to counter the socially constructed and subjective nature of social value research (Denny-Smith *et al.*, 2019), a survey tool was employed after extensive consultation with construction industry partners. Online surveys offered several benefits, including: reducing costs to distribute and collect survey responses from geographically dispersed sites in regional areas of Australia where staff were based; maximising survey coverage to the target sample population; improving response rates because of improved ease to complete the survey, and; reducing social desirability bias (Dillman *et al.*, 2009). In this research the anonymous electronic survey meant respondents could complete the survey in private and minimised the risk of social desirability bias.

The survey consisted of two sections and respondents were identified and approached through our partner contracting organisations using purposive nonprobability sampling on the basis of their employment in the construction and property maintenance industries. The first part of the survey asked demographic questions about age, cultural identity and the state or territory they worked in. The second part of the survey asked respondents about their values based on Bellou *et al.*'s (2015) research that shows that EOC's have values that are strongly aligned with the values of employees and include, for example: inter-personal relationships within the company; relationships between the employer and employees; and relationships of the employer company to society/communities. In Australia, this includes attitudes towards family, communities and obligations to society that differ between cultural groups in that country (see for example Byrnes 2000).

The third part of the survey asked respondents to rank the importance of 31 EOC characteristics based on a four-point Likert Scale. The four-point scale was used as a forced-choice question that makes respondents choose an option for or against a question (Nardi 2003). Forced-choice questions were used in this survey to minimise the risk of social desirability and helps highlight respondents' relationships between different questions (see Aupperle *et al.*, 1985). The questions in this part of the survey was adapted from the results of EOC research on construction graduates by Sedighi and Loosemore (2012) to include cultural variables which research on 'old institutionalism' (Austen 2000) indicates that people consider when perceiving social value. For example, research on successful employment programs for minority

populations, such as Indigenous Australians, shows that culture benefits of employment opportunities include culturally safe and supportive environments, having clear career progression pathways for employees, positive engagement with employees' heritage, family and community, and boosting employees' confidence, autonomy, self-efficacy, identity and resilience (Wilson *et al.*, 2019).

Recognising the subjective nature of social value and the lack of research into what construction employees may want out of an EOC, one open question was included to allow respondents to insert EOC variables not covered in our closed questions.

After developing the semi-structured survey with the above cultural variables, the research team consulted our industry partners for further discussion on the survey content and how the research would be managed, and the results used. For example, the research team took direction from industry partners on the length and format of the survey, and shared agreement was reached that the content was accurate to investigate social value in a construction context, thus improving the content validity of the survey (see Fowler 1995: 139). The survey was distributed to 190 people working for our two industry partners across Australia, using purposive sampling to ensure respondents met the sampling criteria listed above. Sampling construction employees, including management, allowed a broad sample representation for this exploratory research on social value in the construction industry. To maximise the response rate, an email was sent from our industry partners to each respondent with an invitation letter which ensured respondent anonymity and allowed them to ask any questions of the research team and withdraw their data at any time. This resulted in a total of 61 usable survey responses (a response rate of 32 per cent), producing a sample as illustrated in Table 1. The response rate may be explained by the fact that our industry partners also have sites in regional and remote Australia, which could limit participants' access to mobile data to complete the survey.

Table 1: Sample structure

Category	Response	Frequency	Percentage
Australian citizen	Yes	53	86.9
	No	8	13.1
Australian state or territory	ACT	2	3.3
	NSW	43	70.5
	QLD	8	13.1
	SA	2	3.3
	WA	6	9.8

RESULTS

Table 2 below shows the highest rated values and employer characteristics. For brevity, only the five highest rated variables are listed. The variables in Table 2 were also characterised by lower standard deviation than other responses, indicating a high degree of consensus among respondents. In support of Bellou *et al.*, (2015), the results show that construction EOCs develop employees' skills, promote good working relationships and have a good corporate image. Supporting Raiden *et al.*, (2019: 168), Table 2 also shows that "values help shape the way social value...[is] created" through construction employment. For example, construction employers who promote employee autonomy to learn and complete work may create social value

through improved employee confidence and better skills that benefit their long-term career.

A test for Pearson's correlation coefficient (Pearson's r) was also performed to check for association between variables in the second and third sections. Pearson's r is a measure of association that represents the extent to which respondents occupy the same position on two variables (Blaikie 2003). The strength of association between two variables may be small ($r = \pm 0.10$), medium ($r = \pm 0.30$) or large ($r = \pm 0.50$) (Rosenthal 1996). In this study, Pearson's r allowed us to test for relationships between respondents' values and their EOC preferences. This meant we could infer the work and culture benefits that may contribute to positive social value creation in the context of construction employment.

Table 2: Highest five rated responses for culture and work benefits

Question	Variable	Mean	Std. deviation
Which of the following values are important to you? (culture benefits)	Sharing with and looking after my family	3.87	.386
	Finding things out and learning for myself	3.78	.415
	Making sure I have enough for today	3.61	.670
	Knowing who I am and where I came from	3.57	.621
	Respecting my elders and what they have to teach me	3.44	.696
Please indicate what characteristics describe our ideal employer? (work benefits)	Good quality of working relationships	3.88	.334
	A good reputation	3.81	.395
	High level of personal physical safety	3.81	.476
	Seeing and understanding the overall purpose of tasks	3.77	.423
	A manager that focuses on leadership and energy in the workplace	3.72	.453

Table 3 shows the results of testing for Pearson's r . Associations where $r > \pm 0.50$ are presented to show the strongest associations. Variables with strong associations were then checked for their statistical significance ($p < 0.05$, see Nardi 2003). It is interesting to note that all variables with a strong association were positive relationships and showed extremely high significance ($p \leq 0.001$).

Table 3 shows there are recurring variables that strongly influence other outcomes. For example, construction workplaces that were responsive to employees' cultures had a strong association with the importance of 'culture benefits' of construction employment. In addition, values like making sure traditions, rituals and practices are maintained had strong associations with numerous 'work benefits' like physical safety, emotional stability and a workplace that is involved with local communities. These relationships suggest that construction companies who want to create social value through their employment may need to move beyond "creating employment opportunities for people from disadvantaged communities" (Raiden *et al.*, 2019: 73), to investing in the economic and cultural wellbeing of their employees. Although, this may be difficult and require a significant paradigm shift in the construction industry when it is considered that many contractors see the disadvantaged groups targeted by social value practices as a significant safety, productivity and cost risk to their business (Loosemore *et al.*, 2020). Further research is needed in this area to explore how contractors are utilising their employment to create social value for employees.

Table 3 give several interesting insights into how social value is created in construction employment. For example, culturally inclusive workplaces are clearly associated to numerous culture benefits and there are more non-financial

characteristics (e.g. emotional stability, learning on the job and workplaces that are involved in local communities) of EOCs than financial. Indeed, this insight supports Murphy and Eadie's (2019) findings that construction contractors need to adopt a more person-centric approach to generate social value through construction employment. Our findings suggest that this could be done by familiarising staff with company routines and creating a workplace that encourages commitment to work, training and employee development as well as engagement with local communities.

Table 3: Association between work and culture benefits using Pearson's r

Work benefit	Culture benefit	Pearson's r	Sig. (2-tailed)
A workplace that allows me to stay connected to my culture	Sharing with and looking after my community	.654	< 0.001
	Making sure traditions, rituals and practices are maintained	.645	< 0.001
A manager who is aware of and responsive to my heritage and culture	Sharing with and looking after my community	.676	< 0.001
	Knowing who I am and where I came from	.615	< 0.001
	Making sure traditions, rituals and practices are maintained	.609	< 0.001
	Respecting my elders and what they teach me	.509	< 0.001
Emotional stability and feeling protected by the organisation	Making sure traditions, rituals and practices are maintained	.530	< 0.001
A high standard of accommodation and fit-out of the workplace	Making sure traditions, rituals and practices are maintained	.525	< 0.001
High pay and income	Making lots of money	.688	< 0.001
Working extra hours (paid or unpaid)	Making lots of money	.512	< 0.001
Being able to learn on the job	Making sure traditions, rituals and practices are maintained	.528	< 0.001
A workplace that has a high commitment to work	Making sure traditions, rituals and practices are maintained	.514	< 0.001
A workplace that is relaxed and people can have fun and enjoy social interaction	Making sure I have enough for today	.509	< 0.001
Being involved with my local community	Sharing with and looking after my community	.615	< 0.001
	Making sure traditions, rituals and practices are maintained	.563	< 0.001
A workplace that cares about protecting the environment	Sharing with and looking after my community	.579	< 0.001

Theoretical framework

Drawing on the above results, Figure 1 presents a new theoretical framework explaining how social value is created in the context of construction employment and using Value Theory. Bounding Figure 1 is the value subject, construction workers, as they are the people meant to realise social value through construction employment

which acknowledges the subjective nature of social value. Within the bounded area there are three parts: the value object, in this case construction employment characteristics informed by responses to the third survey section; the existence judgement informed by people's values in the second survey section; and the value feeling which is produced by the existence judgement and value object. The variables influencing people's perception of the value object and existence judgement are based on the strongly associated variables of important work-culture benefits (see Table 3). In operation this means that construction employees would accept employment promoting autonomy and self-development, therefore creating positive social value. Construction employers can use Figure 1 to review their own employment practices, so they create social value in their workforce.

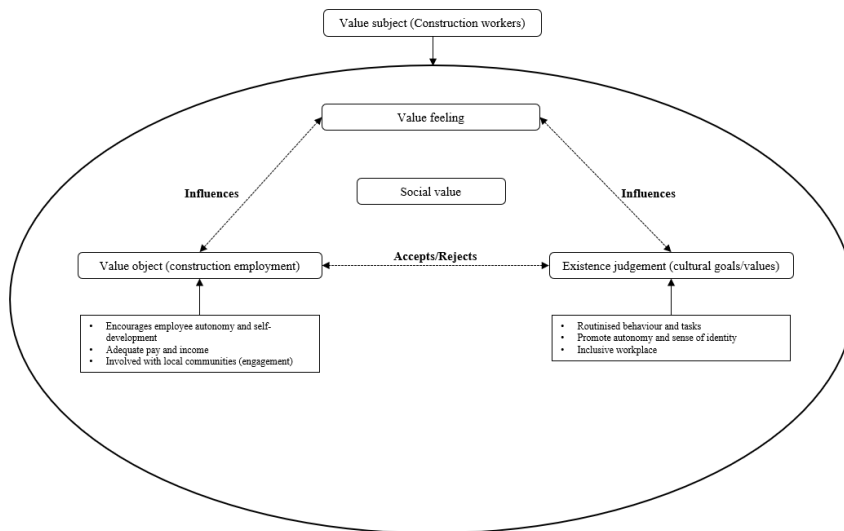


Figure 1: Theoretical framework for the creation of social value from construction employment

CONCLUSION

This empirical paper presented the first attempt to explain the variables contributing to creating social value in the context of construction employment in Australia. Employment requirements are now included in many public works construction projects to create social value for disadvantaged populations. This theoretical framework fills the identified knowledge gap by explaining that social value is created when construction employers provide work benefits and culture benefits to their employees, including good pay and employee autonomy in an inclusive environment. This supports arguments that employee participation and holistic focuses on socially responsible procurement are key to creating social value (Murphy and Eadie 2019). Our framework also responds to recent research that has suggested how to conceptualise and operationalise social value in the construction industry (Raiden *et al.*, 2019).

This paper does not attempt to be universally applicable; the authors acknowledge that the research is limited to Australia and a limited sample. This limits its contribution as a major theoretical framework but as it is tested over time its validity will improve. This paper also provides interesting avenues for researchers and practitioners. Researchers can test or develop this theory in other settings, such as different countries, to explore geographical and cultural differences of our findings. Practitioners can use this theory to plan for social procurement or evaluate their

existing business practices. For example, practitioners may begin more cultural engagement with their employees to promote social value based on our findings. The significant potential of this theory lies in planning for social value to address the complex issues facing disadvantaged groups in Australia and internationally.

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