ASSESSING THE BUSINESS CASE FOR

SUPPLIER DIVERSITY IN THE

CONSTRUCTION HOUSING SECTOR.

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INTRODUCTION

A research proposal is presented in Document One highlighting the aims and objectives of this study, together with a preliminary brief overview of the literature available in this field.

Aim

The aim of the research study will be to assess the business case for supplier diversity in the construction housing industry, and to identify what the perceived/actual barriers are for minority businesses operating in this sector.

Objectives

To this end, the objectives of the research will be:

➢ To explore the corporate organisation's perspective on managing diversity at supplier level in the construction housing industry.

➢ To explore the experience of minority businesses in competing for public/private sector construction/maintenance contracts and their views on the associated equal opportunity issues.

➢ To identify and extend the current understanding of any challenges that inhibit the formation of strong relationships between corporate procurement professionals and minority businesses, and the approaches that are being developed to overcome the existing challenges.

➢ To identify the role and operation of supplier diversity initiatives for procurement professionals and minority businesses in the construction housing sector – this will include identifying any changes implemented by corporate organisations and minority business owners, to their respective businesses, as a result of the knowledge gained through participating in a supplier diversity programme.

➢ To assess the business case for supplier diversity from a corporate social responsibility perspective for large organisations operating in both the public and private sectors of the construction housing industry.

Research Questions

For clarity, underpinning the aim and objectives of this study will be the following specific research questions:

1. Are there any barriers for minority businesses supplying the construction housing industry, and if so, what are the barriers?
2. Are there any barriers for the corporate sector when engaging with minority businesses and if so what are the barriers?
3. What is the role and operation of supplier diversity in the construction housing sector?
4. Is there a business case for corporate organisations to place supplier diversity on their corporate social responsibility agenda, and if so what is it?

The aim of Document Two is to provide a more detailed review on the literature, relevant to the subject areas relating to the specific research questions highlighted in Document One. As part of my research proposal, I outlined that this study can be related to a range of concepts and listed the various fields of literature that I thought should be examined when writing my literature review. I thought it would be useful to map the progress and shift that takes place in my knowledge/views as a result of carrying out this review. So throughout the document, I use diagrams to illustrate this.

Figure one shows the relationships of the key concepts that I suggested were relevant at the beginning of my research, and therefore what I initially thought I would be reviewing the literature on.

Figure 1: Some Key Concepts relevant to this research study
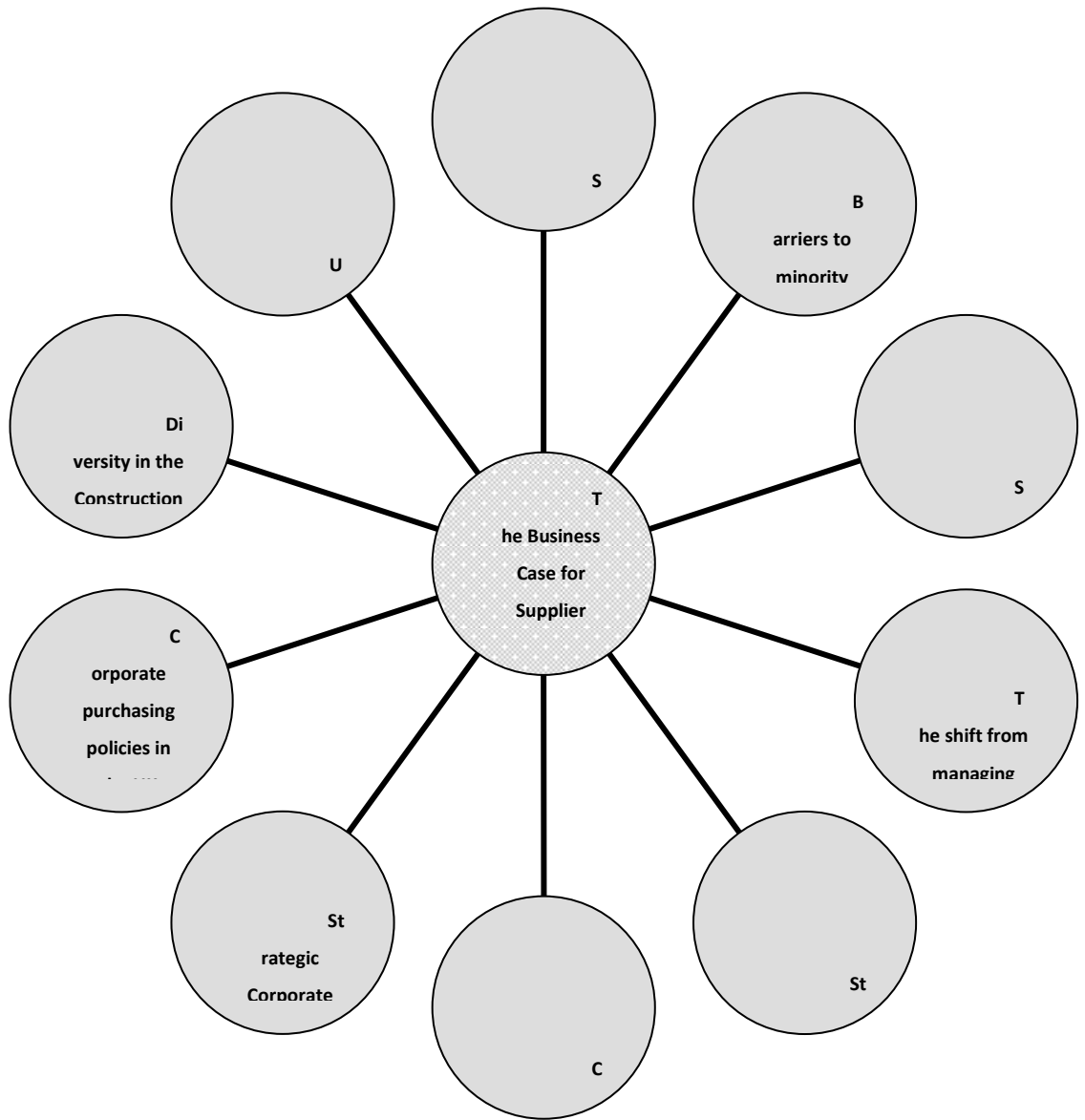
Having dedicated time to reviewing some of the literature in these subject areas, it became apparent during the early stages of the research process that some of these concepts are so huge that document two could be written on just one of these concepts alone. Both the time constraint and expected word limit imposed
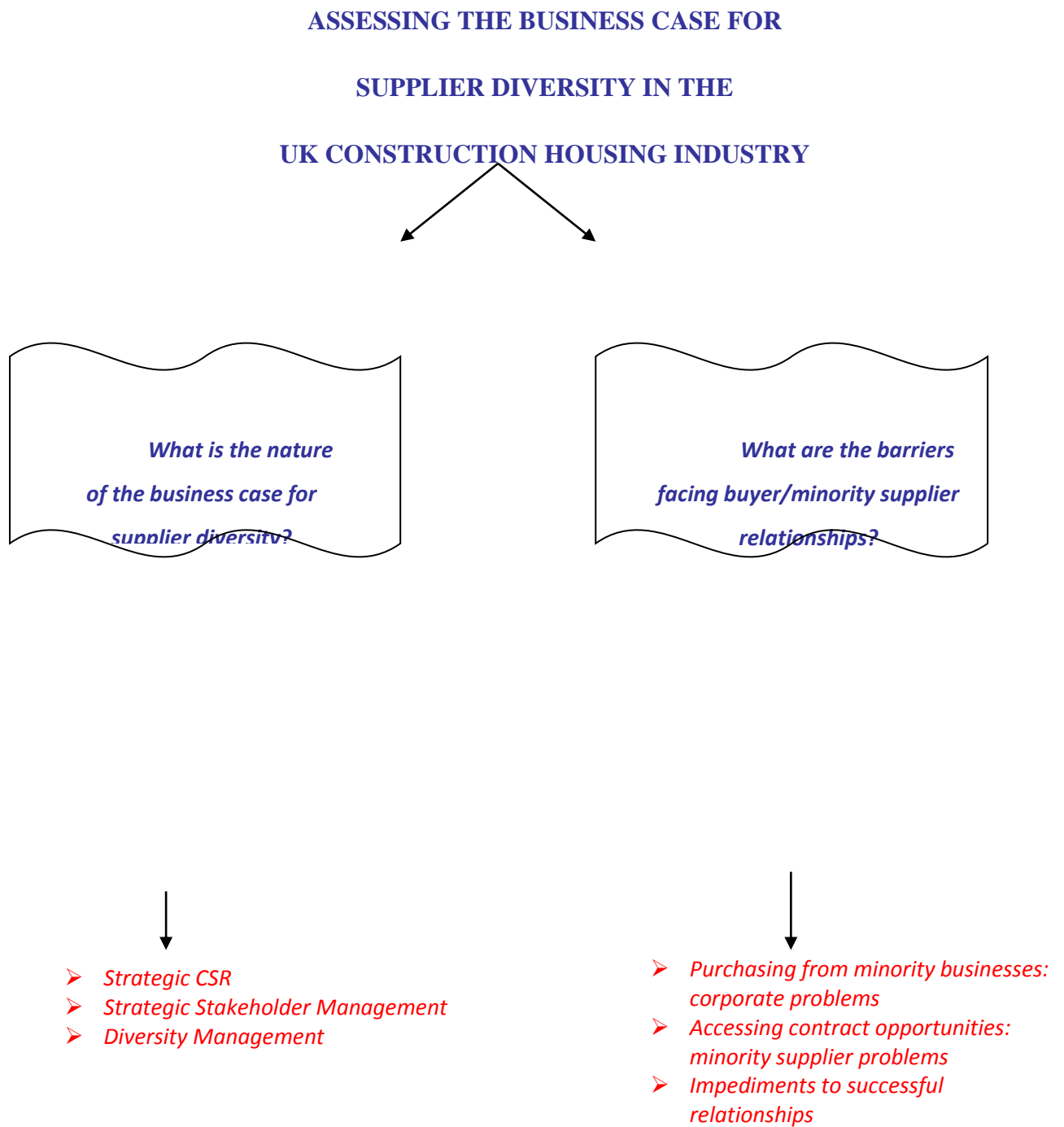
on the requirements of this document were insufficient for me to cover all of these areas thoroughly.

Focussing the literature review

Having considered the enormity of some of the subject areas, my immediate learning point here was that I should think through very carefully and be more specific in identifying exactly which concepts have a direct link to the research questions proposed, and therefore should be explored as part of the literature review. This is not to say that the initial areas illustrated in Diagram One have no relevance to the study, to the contrary. However, it was necessary for the reasons of practicality mentioned, to narrow the focus down to the most relevant concepts.

This forced me to re-visit my research questions to consider exactly which areas of the available literature should be explored further in this document. On reflection, it became clear that there are two sub-component parts to the core research question that I highlighted in Document One. This is illustrated in Figure Two.

Figure 2: Sub-Component Parts To Core Research Question

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SUPPLIER DIVERSITY IN THE

UK CONSTRUCTION HOUSING INDUSTRY

What is the nature of the business case for supplier diversity?

What are the barriers facing buyer/minority supplier relationships?

➢ *Strategic CSR*
➢ *Strategic Stakeholder Management*
➢ *Diversity Management*

➢ *Purchasing from minority businesses: corporate problems*
➢ *Accessing contract opportunities: minority supplier problems*
➢ *Impediments to successful relationships*

Sub-component parts to core research question

The first sub-component part to the research question asks:

What is the nature of the business case for supplier diversity

in the UK construction housing industry?

When examining the business case, there are various lenses that can be adopted to explain what the business case might be - these were illustrated earlier in Figure One. From this list of possible lenses, I have chosen to focus on supplier diversity as a strategic corporate social responsibility (CSR) decision. The reason for this is that during the preliminary literature review, I found that within the strategic CSR literature, no author had thus far addressed the area of the business case for supplier diversity in the construction housing industry. Therefore, in focussing my research in this area, I will be adding to current knowledge, as well as contributing to the debate on why the industry may be experiencing problems in achieving greater diversity amongst its supplier base. This in turn may assist numerous stakeholders (which include procurement professionals of large construction companies, government organisations, industry bodies, etc), to better understand the courses of action that are required to help further improve the industry's diversity record in relation to minority suppliers.

I will examine the business case through reviewing the literature in three key areas:

1. **Strategic CSR** – the benefits for large construction firms through managing supplier diversity as a strategic CSR decision.
2. **Stakeholder Management Theory** – the benefits for large construction firms through using supplier diversity as a way of managing minority businesses as key stakeholders of the firm.

3. **Diversity Management** – the benefits for large construction firms through implementing supplier diversity as a sub-component part of their overall diversity management strategy.

So, here are three major ways in which the business case for supplier diversity in the construction housing industry might be explained.

The second sub-component part to the core research question asks:

If there is a business case for supplier diversity in the construction

industry, then what are the barriers from both the demand side (large construction firms), and the supply side (minority businesses), that

inhibit the formation of buyer/minority supplier relationships?

The literature will be reviewed to examine what has already been researched in relation to this question.

Figure Three provides a snapshot of the key areas of discussion that form the basis of this literature review. I should make clear at this juncture that the review is by no means exhaustive of all the work in this field, but rather attempts to provide a flavour of the most significant areas of work.

Figure 3: Concepts forming the focus of Document Two
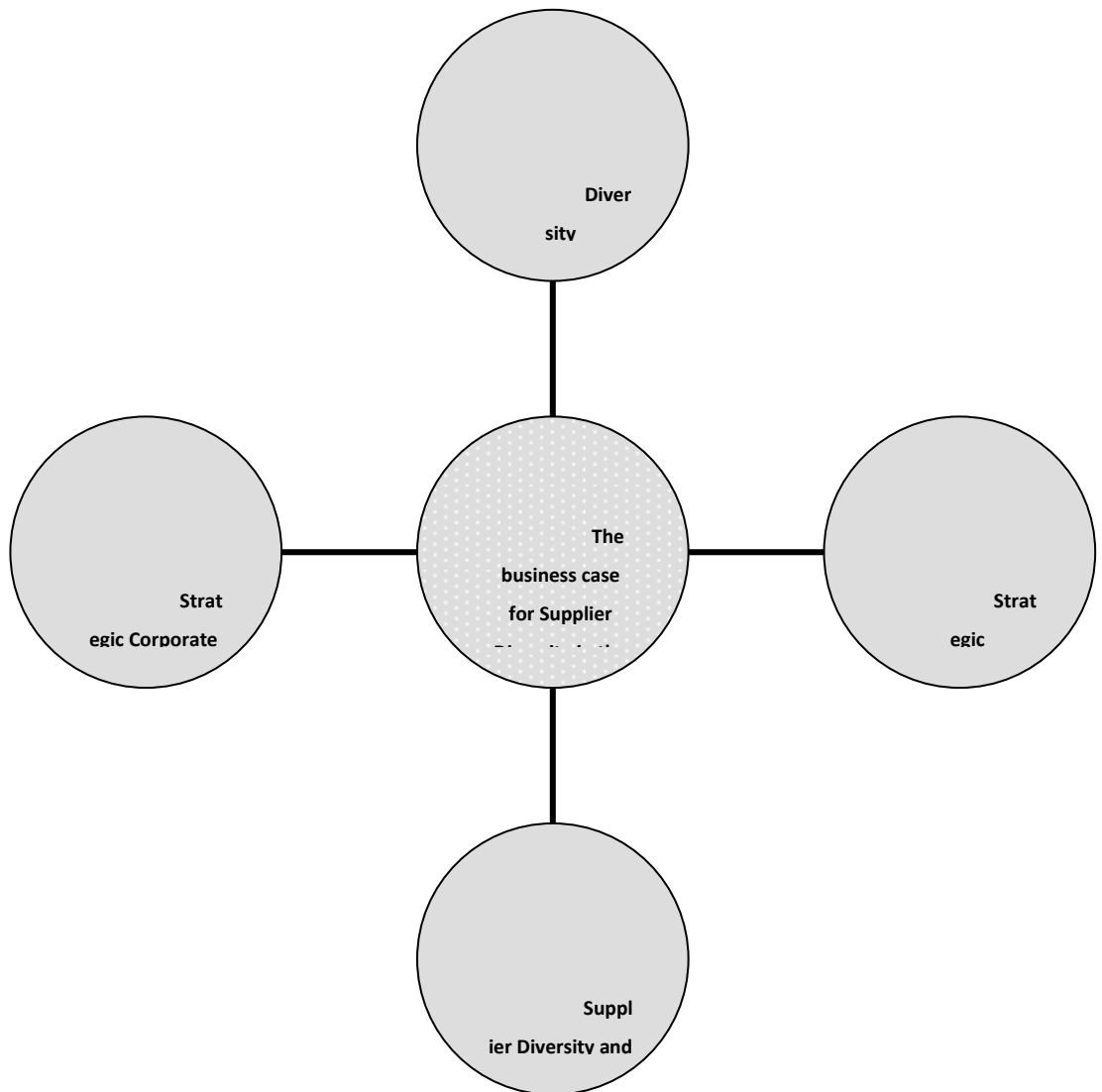
So here, I'm considering questions around:

1. Why strategic corporate social responsibility is an issue for organisations.
2. Why diversity management is an issue for organisations.
3. Why strategic stakeholder management is an issue for organisations.

4. The specific issue of supplier diversity in the UK construction housing industry.

METHODOLOGY

A search was conducted on various electronic databases of books and journals to generate the articles I required to write this literature review. I performed this search using key words that relate to the different areas of the literature covered in this review. The reference lists found at the end of the journal articles also proved extremely useful in ensuring that I broaden my knowledge of what has been written in the subject areas so far.

Research Rationale

For each of the concepts highlighted in diagram three, my aim is to adopt Toulman's Structure as highlighted in Hart (2005:178) when critically evaluating the work. Overall, my aim is to provide:

- ➢ *A Summary of the Existing Work on the Topic* – the ways in which the topic has been studied; the issues different authors have highlighted; and identify the different ways in which key terms and concepts have been defined or used.

- ➢ *A Critical Evaluation of Previous work* – assess the methodologies and methods employed previously to study the topic; evaluate the key strengths and weaknesses of the literature; and make visible the map of methodological assumptions.

- ➢ *Some general and specific conclusions about the work done to date on the topic* – general conclusions about the overall direction of the work on the topic in relation to earlier more foundational work; and identify the gaps, fallacies and failures in previous work in order to show the legitimacy of my own approach

STRATEGIC CORPORATE SOCIAL RESPONSIBILITY

As mentioned previously, the aim of this research study is to examine through the lens of strategic CSR the business case for supplier diversity in the construction housing industry. For UK construction firms to take supplier diversity seriously as part of their CSR agenda, they would no doubt need to understand why this might be an important issue that justifies company resources.

So with respect to this concept here, I'm seeking answers to the following questions:

- Why might professionals within the procurement function in the construction industry be concerned with the organisation's social responsibility towards minority suppliers?
- Are there benefits for firms practising socially responsible behaviour in this arena, and if so, what are they?

It is necessary then to examine what the available literature says about this concept. A brief overview now follows.

What is Corporate Social Responsibility?

'...the concept of corporate social responsibility is a fuzzy one with

unclear boundaries and debatable legitimacy'.

Lantos (2001:595)

The general area of CSR may be traced back to 1953, although discussions about this concept have flourished more conspicuously and more internationally

over the last twenty years (Lockett *et al.* 2006). During this period, numerous writers have argued that ambiguity exists over what the term 'corporate social responsibility' really means. Dickson (2002:9), for example, states there is *'...current confusion over such concepts as the sustainable business, sustainable development, corporate citizenship, corporate social responsibility, business ethics and even aspects of the wider corporate governance debate'*. Similarly, Simms (2002) reports:

'In its green paper, issued in July 2001, the European Commission

describes CSR as "essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment". But this rather airy-fairy definition, along with misunderstanding and confusion about what CSR actually is, belies its growing importance, and executives ignore the latest social and environmental thinking at their peril.'

Simms (2002:48)

Hopkins (2002) seems frustrated for the same reasons arguing that the terms used to convince corporations to become more attuned to their stakeholders know no upper bound. He states:

'...corporate sustainability, corporate citizenship, corporate social responsibility, good corporate governance, the ethical organisation, the inclusive organisation

or the civil organisation are all terms that have been used by different commentators. No one body takes it upon themselves to reach common

acceptable concepts and definition...A common and agreed set of terms would

be very helpful in today's kaleidoscope world where concepts, especially in

business, rain like confetti.'

Hopkins (2002:398)

Hopkins (2002) refers to corporate social responsibility as the 'sister' of corporate sustainability, stating that both are two sides of the same coin. He defines corporate social responsibility stating this concept is:

'...concerned with treating the stakeholders of a firm ethically or in a

socially responsible manner. Stakeholders exist both within a firm and outside. The aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for its stakeholders

both within and outside the corporation.'

Hopkins (2002:399)

Lantos (2001) attempts to clarify the CSR concept by offering an historical perspective, reviewing the different viewpoints on the role of business in society, and distinguishes three types of CSR: ethical, altruistic and strategic. He argues that for any organisation ethical CSR (avoiding societal harms) is obligatory, for a publicly-held business altruistic CSR (doing good works at the possible expense to stockholders) is *not* legitimate, and that companies should limit their philanthropy to strategic CSR (good works that are also good for the business).

Prior to this, Carroll (2000:187) had proposed a popular four part definition of CSR, suggesting corporations have four responsibilities or "four faces" to fulfil to be good corporate citizens: economic, legal, ethical and philanthropic. The economic component is business's fundamental responsibility to make a profit and grow; the legal component is their duty to obey the law and

play by "the rules of the game"; the ethical component is their obligation to follow the norms placed on them by society, and the philanthropic component involves activities that support the broader community. Lantos (2001) argues that much of the uncertainty about the legitimacy and domain of CSR stems from failure to distinguish the ethical and philanthropic dimensions, as well as the misguided notion that it is somehow objectionable for business to prosper from good works (what he calls "strategic CSR"). Also commenting on the ambiguity of the concept, Coelho (2003:16) makes what might be viewed as a controversial statement highlighting that *'the terminology of social responsibilities of corporations makes it an extremely effective marketing tool because it is so ambiguous that it can be interpreted in almost any way to accomplish almost anything'*.

Recognising the "fuzzy" nature surrounding the definition of CSR, Lantos (2001) attempts to clear this ambiguity by summarising CSR as:

'CSR entails the obligation stemming from the implicit "social contract" between business and society for firms to be responsive to society's long-run

needs and wants, optimising the positive effects and minimising the negative effects of its actions on society.'

Lantos (2001:600)

Why has Corporate Social Responsibility become a concern for business?

I mentioned earlier that for construction firms to place supplier diversity on their CSR agenda, they would undoubtedly need to have a clear business case as to

why this should be a concern for them. So here, I'm interested in what the literature says about why CSR has become a concern for businesses.

A recurring incident frequently mentioned in the literature on this issue is that of the fall of Enron. Waddock *et al*. (2002:132) for example state that *'pressures on multinationals to develop "total responsibility management" have increased with the recent fall of Enron and the renewed calls for greater corporate integrity'*.

Dickson (2002), however, looks at the case of Enron from a different perspective. He uses Enron as an example when raising questions over how effective corporate social responsibility programmes really are:

> *'...the fate of a Houston-based energy company, complete with a*
>
> *corporate social responsibility task force chaired by the chief executive*
> *and codes of conduct covering security, human rights, social investment and*
> *"public engagement" issues in India and Brazil, is not encouraging. The*
> *company was Enron. Which goes to show that all these activities – CSR, triple-*
> *bottom-line measurements and reports – are a waste of time without integrity,*
> *business ethics and a law-abiding culture at the top'.*

Dickson (2002:11)

Similarly, Simms (2002:49) states that Enron is an example of companies using corporate social responsibility as *'...merely a PR puff'*. He explains:

> *'Enron is perhaps the most obvious example of the cosmetic approach.*

The fallen energy group won six environmental awards in 2000, was voted the best company to work for three years in a row, and boasted its achievements in a report on its economic, environmental and social performance.

Its code of ethics ran to 65 pages and the chief executive himself chaired the corporate responsibility taskforce…Enron was using CSR as a kind of cheap insurance policy to uphold its good name'.

Simms (2002:49)

Carol *et al*. (2003:95) choose to mention no examples, but simply state that *'...a wave of corporate wrong doing has left the public clamouring for good corporate citizenship.'* Simms (2002) takes a different viewpoint stating that companies are nailing their colours to the mast of corporate social responsibility because they are frightened by the consequences suffered by businesses that ignored consumer pressure for social and environmental accountability.

What specifically should be the concerns of business in terms of CSR?

It becomes apparent when reading the literature on discussions around what the concerns of the business should be with respect to CSR, that the views of scholars and practitioners in this field fall in to one of two distinct schools of thought:

1. Those that believe the only social responsibility of business is to increase profits.
2. Those that believe the social responsibility of business extends beyond the pursuit of shareholder benefits to stakeholders.

Both Willets (1998) and Friedman (1979) have argued for the first category, stating that profit maximisation should be the primary aim of companies and that therefore their social actions should be limited to those which benefit an organisation financially. Of the two scholars mentioned, the economist Milton Friedman is cited most frequently by scholars writing in this field.

Friedman (1979) argued for a purely profit based position on corporate social responsibility:

'In a free economy…there is one and only one social responsibility

of business – to use its resources and to engage in activities designed to increase its profit so long as it stays within the rules of the game, which is to say, engages

in open and free competition without deception and fraud.'

Friedman (1996:245)

In the past few decades, many academics and practitioners have argued against Friedman's view asserting that a new paradigm for business is developing: one that emphasises firms' responsibilities to multiple stakeholders in addition to the more traditional, singularly emphasised shareholder (for example see: Clarkson, 1995; Donaldson and Preston, 1995; Griffin and Mahon, 1997; Mitchell *et al.*, 1997; Sethi, 1995). Furthermore, a number of studies are beginning to show that there are specific benefits that accrue from corporate social activity,

which may improve financial performance, either directly or indirectly (see, Brammer and Millington, 1994; Burke and Logsdon, 1996; Cochran and Wood, 1984; Hosmer, 1994; McGuire *et al.*, 1988; Russo and Fouts, 1997; Waddock and Graves, 1997).

When CSR becomes strategic

Of the various pieces of literature available in this field, the comments of Lantos (2001) provide a perspective which would appear particularly important in that he views the social responsibility of business extending beyond the pursuit of shareholder benefits to stakeholders. Lantos (2001) states that CSR can be used strategically to benefit both shareholders and stakeholders:

'CSR is increasingly expected and can be rewarding for both

societal stakeholders and the firm. Ethical responsibilities, i.e. ethical CSR,

is the mandatory minimal level of social responsibility an enterprise owes its constituencies. Given the ultimate responsibility of a corporation to its stockholders, strategic CSR, which financially benefits the business through serving society in extra-economic ways, is justifiable, and from society's perspective, should be applauded, not condemned as "self-serving".

Altruistic CSR, whose benefit to the company is uncertain and even

irrelevant, lies outside the scope of business responsibility. If managers

wish to do good works of questionable return to the firm, they

may do them on their own time and with their own dollar.'

Lantos (2001:627)

Attempts to integrate the concepts of corporate social responsibility and corporate strategy have included the stakeholder model of strategic management and the inclusion of social demands as strategic issues (Carroll *et al*., 1987; Freeman, 1984). The integration of corporate social policy within the traditional strategy model was also furthered by the recognition that social response policies should be "strategically related to the economic interests of the firm" (Carroll and Hoy, 1984:55). The concept of strategic corporate social responsibility builds on these efforts by demonstrating several fundamental ways in which corporate social responsibility activities can be tightly linked to the strategy of the firm (Burke and Logsdon, 1996:496).

Burke and Logsdon (1996) state:

'Corporate social responsibility (policy, programme, or process)

*is **strategic** when it yields substantial business-related benefits to the firm,*

in particular by supporting core business activities and thus contributing

to the firm's effectiveness in accomplishing its mission.'

Burke and Logsdon (1996:496)

The Benefits of Strategic CSR

Burke and Logsdon (1996) argue that empirical studies to date have focused primarily on the link between corporate social responsibility and financial performance. They identify what they see as a more comprehensive basis for identifying the relationships between corporate social responsibility and the firm's strategic interests. Their broader set of criteria or dimensions attempt to capture the full range of strategic behaviour and opportunities for business to benefit from corporate social responsibility. They highlight that much of corporate social responsibility behaviour remains non-strategic, however valuable it is for

stakeholders and society, and that their attempt is to develop better measures for assessing when and in what ways corporate social responsibility activities jointly serve economic and societal interests.

Five dimensions of strategic corporate social responsibility are identified which they state are both critical to the success of the firm and useful in relating corporate social responsibility policies, programmes and processes to value creation by the firm. The dimensions are:

➢ *Centrality* is a measure of the closeness of fit between a corporate social responsibility policy or programme and the firm's mission and objectives. Centrality is a critical issue in that it provides direction and feedback for the organisation by revealing whether given actions or decisions are consistent with the mission, goals and objectives of the firm. With respect to strategic corporate social responsibility, programmes or policies which are related closely to the organisation's mission or tightly linked to its accomplishment have much higher centrality than traditional broad-based corporate philanthropy programmes.

➢ *Specificity* refers to the firm's ability to capture or internalise the benefits of a corporate social responsibility programme, rather than simply creating collective goods which can be shared by others in the industry, community or society at large. Many corporate social responsibility behaviours, including many philanthropic contributions, create non-specific public goods that are broadly available to a local or national community. These type of benefits are not exclusive to the donating firm since there is no exclusive enjoyment granted to the firm.

➢ *Proactivity* reflects the degree to which behaviour is planned in anticipation of emerging economic, technological, social or political trends and in the absence of crisis conditions. In turbulent environments firms constantly scan their environments to anticipate changes likely to affect the firm. Such changes can range from new market opportunities to emerging social issues or threats. The firm that recognises critical changes early will

be better positioned to take advantage of opportunities or to counter threats.

➢ *Voluntarism* indicates the scope of discretionary decision-making by the firm and the absence of externally imposed compliance requirements. Voluntarism is closely linked to proactivity, especially to the extent that it presumes the absence of regulatory or other mandates. Firms regularly engage in voluntary behaviours in their core business functions. In the corporate social responsibility domain, the firm which exceeds minimum standards for quality and safety, exhibits voluntarism. These activities offer both strategic and social responsibility pay offs.

➢ *Visibility* denotes both the observability of a business activity and the firm's ability to gain recognition from internal and external stakeholders. Visisbility can have both positive and negative consequences for firms.

<div align="right">Burke and Logsdon (1996: 497)</div>

Burke and Logsdon (1996) state that the ultimate measure of strategic benefits from corporate social responsibility activities is the value they create, and value they say is the readily measurable stream of economic benefits that the firm expects to receive. Furthermore, if we recognise the long-term investment characteristics of corporate social responsibility, then normal business decision rules would select corporate social responsibility activities which:

1. yield the highest total pay offs in terms of collective benefits to the firm and its stakeholders, and

2. fall within the range indicated for strategic corporate social responsibility.

Lantos (2001) argues the same stating that companies should limit their CSR programmes to strategic CSR. Strategic CSR he says is:

'...the fulfilment of a firm's "social welfare responsibilities"...is admirable since it creates a win-win situation in which both the corporation and one or more stakeholder groups benefit'.

Lantos (2001:605)

Husted and Salazar (2006) also hold this view and show that it is wiser for the firm to act strategically than to be coerced into making investments in CSR, and argue that greater social output will be achieved by the strategic approach, than by the altruistic approach to CSR.

The Business Case for Corporate Social Responsibility

'Executives increasingly see themselves in a no-win situation,

caught between critics demanding ever higher levels of

"corporate social responsibility" and investors applying relentless

pressure to maximise short term profits.'

Porter and Kramer (2002:57)

Executives in the construction industry who find themselves in the 'no-win' situation described by Porter and Kramer (2000), would no doubt welcome a clear business case to help them justify expenditures in terms of bottom-line profit.

Many scholars and practitioners alike have assessed whether there is a business case for corporate social responsibility, and they've examined it from various perspectives. A flavour of some of this work is now highlighted.

Corporate social performance & financial performance – Is there a link?

Ullman (1985) concluded that the linkages between corporate social performance and financial performance are still far from clear. Results of empirical work (for example, see: Alexander and Buchholz, 1982; Ullman, 1985; Shane and Spicer, 1983) indicate an ambiguous relationship. Waddock *et al.* report that even when a link is established (for example see: Wokutch and Spencer, 1987; McGuire, Schneweiss and Sundgren, 1988), it is still unclear whether financially successful companies simply have more resources to spend on corporate social performance and therefore attain a higher standard or whether better performance along various dimensions of corporate social performance itself results in better financial outcomes. One fundamental reason they state for the uncertainty about the relationship is the problem of measuring corporate social performance – it is a multidimensional construct, with behaviours ranging across a wide variety of inputs (e.g. investments in pollution control, equipment or other environmental strategies), internal behaviours or processes (e.g. treatment of minorities and women, relationships with customers), and outputs (e.g. community relations and philanthropic programmes). As a result, little clarity has been reached on the measurement of corporate social performance, and the measures used in empirical work have frequently been one-dimensional, and have been applied to small samples of companies (Waddock *et al.* 1997).

Attracting a quality workforce

Greening and Turban (2000), conducted a study to assess whether firms with good reputations for corporate social responsibility will attract and retain high quality employees. They concluded that firms may develop competitive advantages by being perceived as attractive places of employment because of their performance with regard to quality products and services, treatment of women and the environment, and issues of diversity. Drawing on social identity theory and signalling theory, they suggested that firms may develop competitive advantage if

their reputation is valuable, rare, and not easily imitated, highlighting that firms may wish to consider signalling to potential workers in brochures and advertisements that they offer a work environment conductive to socially responsible activities and provide a culture and environment that reinforces individual workers' self concepts and social identities.

Backhaus *et al*. (2002) conducted a similar study and concluded that corporate social responsibility is an important factor when choosing an employer and said that five aspects of corporate social performance (environment, community relations, diversity, product issues and employee relations) are most important to potential employees. They also concluded that women and people from ethnic minorities placed more importance on diversity issues than men and non-minorities respectively.

Luce *et al*. (2001), on the other hand, challenge the findings of Greening and Turban (2000), arguing that it's not good corporate social performance that attracts job applicants, but rather firm familiarity. They state that the firm's overall level of corporate social activity (whether "good deeds" or "misdeeds") may contribute directly to firm familiarity and indirectly to attractiveness through familiarity.

STRATEGIC STAKEHOLDER MANAGEMENT

The literature in the field of corporate social responsibility talks at length about managing stakeholders. Lockett *et al.* (2006:118) highlight that stakeholder management emerged as a focus for scholars for the purposes of delineating an appropriate approach to, and normative references for, CSR. Since I'm examining the issue of supplier diversity, it would seem appropriate here to examine what the literature on stakeholder theory says about suppliers as stakeholders of the firm.

Doh and Guay (2006) subscribe to the view that CSR is the notion that companies are responsible not just to their shareholders, but also to other stakeholders (workers, suppliers, environmentalists, communities, etc). Stakeholder theory posits that companies have a responsibility to those who have vested interests in firm performance and those who are directly affected by the firm's actions (Evan and Freeman, 1983; Freeman, 1984). Backhaus *et al.* (2002) highlight that stakeholder theory provides a logical explanation for why corporate social performance matters. Treating stakeholders well, making decisions that affect employment, communities, and the environment positively leads to positive outcomes. For example, Berman *et al.* (1999) found that effective management of the relationship with employees affected firm financial performance. Other studies in the literature on stakeholder theory which confirm a strategic approach to stakeholder management can have positive impacts on financial performance, include Jones (1995), and Ogden and Watson (1999). However, McWilliams and Siegel (1997, 1998) and McWilliams *et al.* (1999) raise questions over such findings arguing that the conclusion, drawn from numerous empirical studies, that there is a positive relationship between CSR and financial performance have resulted from poor execution of event study methodology.

Freeman (1984) made a case that systematic managerial attention to stakeholder interests is critical to firm success. Berman *et al.* (1999) also argued that on a variety of levels there is conceptual agreement that managers should

proactively address stakeholder interests, yet little has been done to identify which stakeholder interests should be attended to and what managers should do to address them.

Freeman (1984:46) defines a stakeholder as *'any group or individual who can affect or is affected by the achievement of the organisation's objectives'*. Groups typically cited as stakeholders include (but not limited to): customers, suppliers, employees, local communities, governments, and shareholders. Berman *et al*. (1999) argue that each element of this relationship represents the foundation for a model of stakeholder management. First, if stakeholders can affect the achievement of a firm's objectives, it follows that the firm's decisions, and hence its performance, may be affected by the activities of its stakeholders. Second, if stakeholders are affected by the achievement of the firm's objectives, it follows that the firm's decisions affect the well being of its stakeholders on the firm's part.

Sources of Stakeholder Pressure

Waddock *et al*. (2002) present the 'Stakeholder Pressures Framework' (see Figure Four) which highlights the key demands facing companies today to be more responsible. They state that pressures come from three major sources:

1. *Primary stakeholders* – such as owners, employees, customers, and suppliers.
2. *Secondary stakeholders* – including non-governmental offices and activists, local communities, and governments.
3. *Generalised institutional or societal pressures* – such as the emergence of "best of" rankings, global standards and principles, and reporting initiatives focusing on multiple bottom lines rather than the traditional financial bottom line alone.
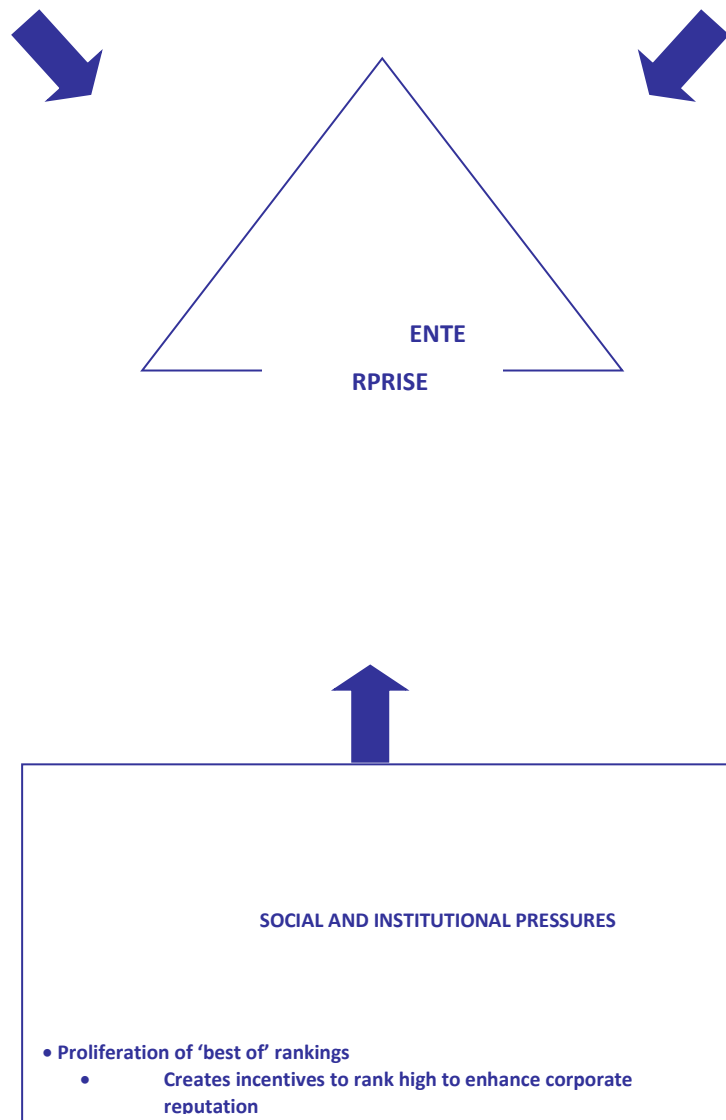
Just as companies respond strategically through their management systems to direct competitive pressures, Waddock *et al*. (2002) argue that in the same way they are finding it necessary to develop management systems that respond to these pressures for responsibility in order to satisfy their stakeholders and build long term mutually interactive relationships with them.

Dickson (2002) reports that the pressure has increased for socially responsible behaviour because executives have signed up to the idea of sustainable development and increasingly hold companies to account. Many analysts and advisors now promote the idea of the "sustainable business" – one that enhances long-term shareholder value by addressing the needs of all relevant stakeholders and adding economic, environmental and social value through its core business functions.

Figure 4: Stakeholder and Societal Pressures on the Development of Total Responsibility Management (TRM) Systems in Corporations

(Waddock *et al*. 2002:134)

PRIMARY STAKEHOLDER PRESSURES	SECONDARY STAKEHOLDER PRESSURES

• **Owners**
  • Demands for efficiency/profitability
  • Viability (sustainability)
  • Growth of social investment
• **Employees**
  • Pay and benefits
  • Safety and health
  • Rights at work/global labour standards
  • Fair/ethical
	• **NGOs/Activists**
	  • Demands for better human rights, labour rights, environmental performance
	
	• **Communities**
	    - Neighbour of choice

ENTE

RPRISE

SOCIAL AND INSTITUTIONAL PRESSURES

- Proliferation of 'best of' rankings
  - Creates incentives to rank high to enhance corporate reputation

Strategic Stakeholder Management and Financial Performance

Berman *et al*. (1999) argue that with strategic stakeholder management, firms address stakeholder concerns when they believe doing so will enhance firm financial performance. An example of this is that of strategic philanthropy. Porter and Kramer (2002), make an argument about the competitive advantage that can be gained by firms if they are more strategic in their philanthropy. They highlight that the majority of corporate contribution programmes are diffuse and unfocused. Most consist of small cash donations given to aid local civic causes or provide

general operating support to universities and national charities in the hope of generating goodwill among employees, customers, and the local community. Rather than being tied to well thought out social or business objectives, the contributions often reflect the personal beliefs and values of executives or employees.

They go on to state that corporations can use their charitable efforts to improve their competitive context – the location or locations where they operate. Understanding the link between philanthropy and competitive context helps companies identify *where* they should focus their corporate giving. Understanding the ways in which philanthropy creates value highlights *how* they can achieve the greatest social and economic impact through their contributions.

> *'...the more closely a company's philanthropy is linked to its*
>
> *competitive context, the greater the company's contribution to society*
>
> *will be. Other areas, where the company neither creates added value*
>
> *nor derives benefit, should appropriately be left...If systematically pursued*
>
> *in a way that maximises the value created, context focused*
>
> *philanthropy can offer companies a new set of competitive tools*
>
> *that well justifies the investment of resources.*
>
> *At the same time, it can unlock vastly a more powerful*
>
> *way to make the world a better place.'*

Porter and Kramer (2002:68)

Carol *et al*. (2003) argue the same and highlight the importance of selecting a cause that is aligned with corporate goals. Cause branding, they state, is:

> *'...a way to turn corporate citizenship, generally thought of as a set of obligations, into a valuable asset. When the cause is well chosen, the commitment genuine, and the programme well executed, the cause helps the company, and the company helps the cause.'*

> Carol *et al*. (2003:101)

A further perspective that they point to is how economic and social objectives have long been seen as distinct and often competing. This, they say is a false dichotomy. Companies do not function in isolation from the society around them. In fact their ability to compete depends heavily on the circumstances of locations where they operate. Helping improve education, for example, would generally be seen as a social issue, but the educational level of the local workforce substantially affects a company's potential competitiveness. The more social improvement relates to a company's business, the more it leads to economic benefits as well. In the long run then, economic goals are not inherently conflicting but integrally connected (Porter and Kramer, 2002).

Benefits from managing stakeholders

As previously mentioned, I'm interested in why procurement professionals in the construction industry might be interested in managing minority suppliers as stakeholders of the business.

Waddock *et al*. (1997:316) highlight the importance of managing stakeholders for strong corporate performance, stating that *'corporate social*

performance involves more than doing the extras: it is a way of doing business'. BITC (2003) holds this view too reporting that the most commonly recognised benefits of corporate responsibility include:

- Reputation management
- Risk management
- Employee satisfaction
- Innovation and learning
- Access to capital
- Financial performance

For BITC (2003:4), corporate responsibility *'offers a means by which companies can manage and influence the attitudes and perceptions of their stakeholders'.* However, Burke and Logsdon (1996) take a more cautious view to the business case highlighting:

> *'A fundamental belief among its business supporters and business-and-society scholars is that corporate social responsibility 'pays off' for the firm as well as for the firm's stakeholders and society in general. But the failure to find strong empirical support for the relationship between socially responsible behaviour and financial performance has been troubling'.*
>
> Burke and Logsdon (1996:495)

Rather than examining the direct correlations between corporate social responsibility programmes and short term profits, the thrust of their research examines the ways in which corporate social responsibility programmes can create strategic benefits for the organisation even when they are not readily measurable as separate contributions to the bottom line. They argue that this is an important question for managers because without a clear cut understanding of strategic

benefits that may accrue to the organisation, it is more likely that top management will not invest in corporate social responsibility practices which contribute to the long-term success of the firm.

DIVERSITY MANAGEMENT

So we've considered through the literature review why corporate social responsibility and strategic stakeholder management are important considerations for organisations. I'd like now to turn our attention to how the concept of diversity management has become an increasingly debated topic in the corporate world.

Through this review, I'm interested in diversity management as an example of strategic corporate social responsibility. Here, I explore the debates that have been held regarding:

➢ The various definitions of diversity.
➢ The various definitions of diversity management.

- The changing views on diversity management.
- Why is managing diversity considered an issue for business organisations.
- Why has the shift moved from managing equality of opportunity to managing diversity?
- The legitimacy of diversity management as a matter of strategic importance.
- The barriers to managing diversity.
- Distinguishing diversity management from equal opportunities.
- Distinguishing diversity management from affirmative action.

Definitions of Diversity

'Companies competing in today's fast paced global market tend to favour the broadest definitions of diversity – ones that encompass differences in gender, ethnicity, age, physical abilities, qualities and sexual orientation,

as well as differences in attitudes, perspectives and background.'

Robinson and Dechant (1997:21)

Janssens and Zanoni (2005:311) observe that diversity studies generally define diversity by referring to one or more employees' socio-demographic traits such as gender, race, ethnicity and age, and subsequently examine the effects of these differences on a variety of organisational practices and outcomes. Through reading the dearth of literature available in this field, and examining the various definitions of diversity presented by scholars, I have found this to be very true. For example, Lorbiecki (2001:345) defines diversity as:

'An organisational practice which seeks to redress employees' negative

responses to differences associated with age, gender, race, class, occupation

and religion, as well as physical ability or sexual orientation'.

Lorbiecki (2001:345)

Thomas (1991 on the other hand takes a different perspective and defines diversity as:

'Diversity includes everyone; it is not something that is defined by race or gender. It extends to age, personal and corporate background, education, function, and personality. It includes lifestyle, sexual preference, geographic origin, tenure with the organisation…and management or non-management.'
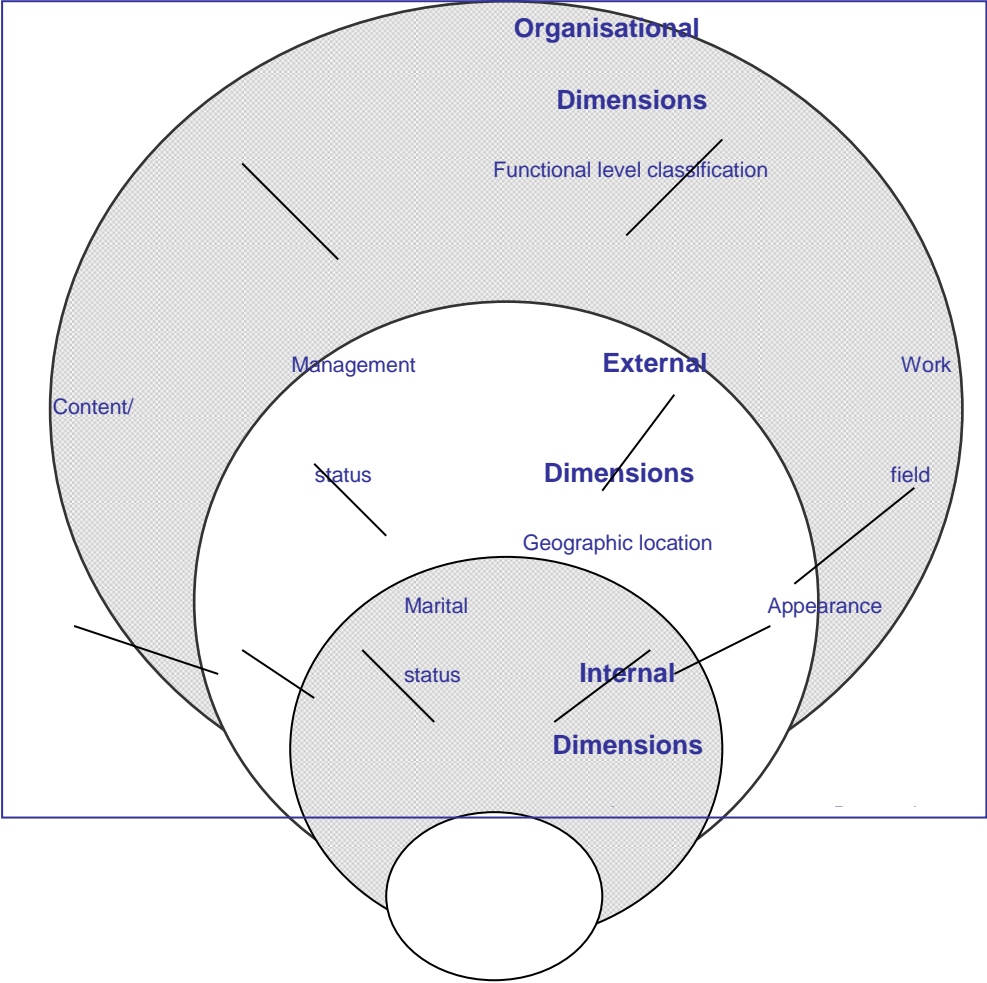
Thomas (1991:12)

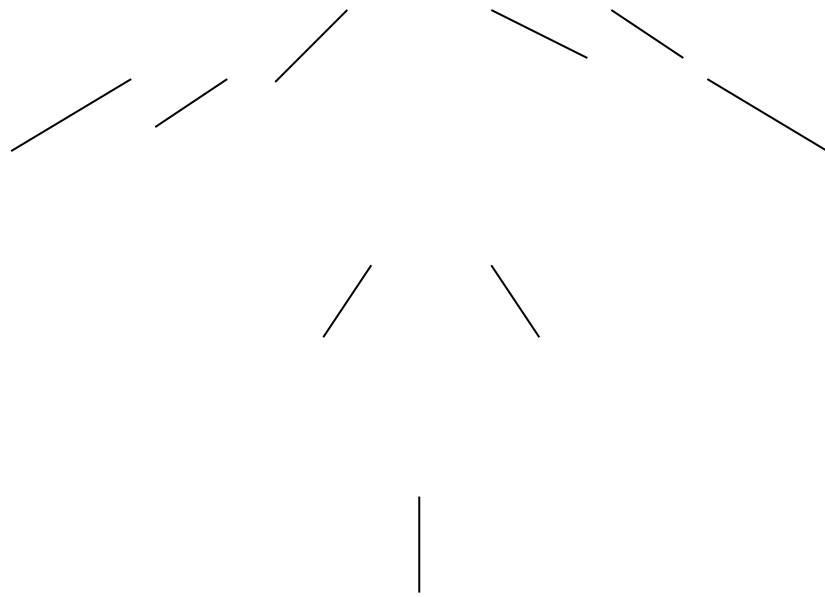Similarly, Smith (1998) states diversity:

'The quality of being different and unique at

an individual or group level'

Smith (1998:73)

Smith (1998) argues that valuing diversity is to recognise and respect the value of these human differences. He presents an interesting diagram (see Figure Five), arguing that as well as fundamental personality differences, there are three additional layers of dimensions of diversity, which are sometimes referred to as identity groups.

Figure 5: Four Layers of Diversity (Smith, 1998:4)

Organisational

Dimensions

Functional level classification

Management

External

Work

Content/

Dimensions

status

field

Geographic location

Marital

Appearance

status

Internal

Dimensions

The first layer consisting of characteristics which we are born with and which we have no control: race/ethnicity and gender. The second layer includes characteristics that we acquire during the course of our lifetime and which are subject to change: parental status, work experience, religion and personal habits. The final layer incorporates specific aspects of an individuals work life: management status, work location, functional level and divisional or departmental group.

Kramer (1998:134) argues similar points highlighting that the dimensions of diversity can be considered in terms of two categories known as the primary (or observable) and the secondary (underlying or non-observable) dimensions of diversity. The primary dimension includes characteristics which are immutable, such as gender, age, race, physical abilities/qualities, race and sexual orientation.

The secondary dimension includes those characteristics which can be changed, such as educational background, marital status, geographic location, income, religious beliefs, work, functional background, tenure in organisation, and personality characteristics.

Smith (1998) states that understanding and responding to the dynamic interplay of the dimensions illustrated in figure 5, is the essential skill of managing diversity and argues interestingly that to see diversity in terms of only one of these dimensions, such as gender – or even in terms of one layer – is an oversimplification (Smith 1998:73). I find this view an interesting point and wonder if there is some truth to this. When we talk about diversity, do we really oversimplify it? For example, in Document One, I presented a definition for supplier diversity which defined it as:

'Initiatives that aim to increase the number of diverse

(e.g. ethnic-minority owned; women-owned) businesses that supply goods and services to both public and private sector organisations, either directly or as part of a wider emphasis on smaller enterprises in general'.

Ram *et al*. 2002:12

This definition differentiates diverse businesses using the criteria gender and ethnicity – could it be argued as Smith (1998) states that this is an oversimplification? Many of the popular conceptions of diversity, as is the case with the definition of supplier diversity cited above, focus on the first layer of dimensions, visible differences. This raises an interesting point - should we when seeking to effectively manage supplier diversity, first be addressing how we actually define and understand diversity? When carrying out research for documents three, four and five, I think it is both important and will be interesting to explore questions around what diversity actually means to procurement professionals in the construction housing industry.

Has the Term 'Diversity' been confused with other contexts?

Smith (1998) states that the idea of diversity has been confused in Australia, by using the term in three other contexts. The first equates diversity to Equal Employment Opportunity (EEO) and affirmative action, causing many people in the Australian corporate sector to equate diversity with compliance to EEO and affirmative action legislation which he argues can result in the issue becoming peripheral to core business concerns. Thomas and Ely (1999) also warn that approaching diversity either in the name of equality or by celebrating differences is troublesome, highlighting that emphasising differences is held to be particularly limiting because it is based on the flawed assumption that the only virtue members of identity groups have to offer is 'knowledge of their own people'. The second use is in the realm of cultural diversity. Successive Commonwealth governments have endeavoured to promote the concept of 'productive diversity' as a way for business to understand the positive effects of multiculturalism. Smith (1998) argues that these efforts have failed to fully capture the imagination of Australian business and have fallen short of encompassing the full range of diversity dimensions affecting business. The third use is the broader definition which Smith (1998) recommends in his article urging business leaders to recognise that the workforce in Australia and in their own organisations is diverse across many dimensions, highlighting that these dimensions have a significant impact on people's ability to work together effectively, and that when well managed, diversity has a positive impact on profitability. This view is held by Thomas and Ely (1996) who argue that diversity management was not working because it was based on the flawed assumption 'that workplace diversity is about increasing racial, national, gender or class representation and recruiting and retaining more people from traditionally under-represented "identity groups" ' (Thomas and Ely, 1996:80). They argued that this old and limiting assumption ought to be replaced by a new 'learning and effectiveness paradigm' which sees people not in terms of what they look like, or where they come from, but through incorporating their different, important and competitively relevant knowledge and perspectives about how to actually do work, learnt from being members of different identity groups.

Diversity Management Versus Equal Opportunities

'Managing diversity – a vision for the development

of equal opportunities'.

IPD (1996)

How exactly do we differentiate diversity management from equal opportunities? Does the quotation cited above (IPD, 1996) sum the answer up in a nutshell? This is an interesting question because for me, until I read what the literature says on this, I would have struggled to answer this in depth. Liff (1999) raises further questions and asks:

'Has equal opportunities had its day? If so is this because it has been

successful in eliminating overt discrimination and there is now a need to

move on to find new ways to tackle more subtle, or stubborn, forms of

disadvantage? Or is it because equal opportunities was fundamentally

misconceived and needs to be replaced by an approach based on different

principles? Is managing diversity a way of repackaging equal opportunity,

strengthening it, or undermining it?'.

Liff (1999:1)

Liff (1997) argues that part of the difficulty in providing answers to these questions lies in a struggle for ownership of the term managing diversity by those from competing perspectives. Liff (1997) refers to managing diversity as an alternative approach to equality currently being discussed. Liff's (1997) view is that in contrast to equal opportunities approaches, which aim for workplaces where an individual's sex and race is of no greater significance than the colour of

their eyes in determining the treatment they receive, the core idea behind managing diversity seems to be to encourage organisations to recognise differences. She highlights two different approaches to managing diversity:

1. *Dissolving differences* – involves a series of initiatives which stress individualism, taking individuals as the primary focus of concern, not groups. This approach includes initiatives for example that focus on an employee's particular training need.
2. *Valuing differences* – could be labelled 'valuing socially-based differences'. This approach includes initiatives such as the provision of training for employees from under-represented groups. These policies acknowledge socially-based differences and their significance for the perpetuation of inequality.

Gillian *et al.* (2001) argue that managing diversity could conceivably be dismissed as representing nothing more than a change in the language of equality; but if the concepts and applications of managing diversity differ from those of equal opportunities it seems reasonable to assert that the terms are not necessarily coterminous. They point to the following differences between managing diversity and equal opportunities:

➢ *The Force Of Change* – equal opportunities tends to be driven by external forces such as the need for legislative compliance (Wilson, 1996; Wilson and Iles, 1999 In Gillian *et al.* 2001); social justice (McDougall, 1996 In Gillian *et al.* 2001); ethical and human rights (Wilson and Iles, 1996; Wilson and Iles, 1999 In Gillian *et al.* 2001).   In contrast, managing diversity is driven internally (Ross and Schneider, 1992; Wilson, 1996; McDougall, 1996 In Gillian *et al.* 2001), and is directly linked to the bottom line (Carnevale and Stone, 1994 In Gillian *et al.* 2001). This rests on business case arguments which contend that a diverse workforce will aid profitability (Wilson and Iles, 1999 In Gillian *et al.* 2001).

➤ *Contrast In Perspective* – on the one hand, equal opportunities can be largely perceived as an operational issue (Wilson, 1996; Wilson and Iles, 1999), which is largely to be the concern of personnel departments or human resource specialists (Kandola and Fullerton, 1994; Kandola, 1995, McDougall, 1996, Wilson, 1996; Wilson and Iles, 1999 In Gillian *et al.* 2001). It is the concern of all employees (Ross and Schneider, 1992 In Gillian *et al.* 2001), particularly managers (Kandola and Fullerton, 1994; Kandola, 1995), and not just those who are personnel or human resource managers. In addition, diversity management requires top leadership, support, commitment and, above all, direction (Carnevale and stone, 1994 In Gillian *et al.* 2001) as it should theoretically extend beyond the more legal compliance-orientated equal opportunities.

➤ *Focus* – while equal opportunities primarily concentrates on issues of discrimination (Kandola and Fullerton, 1994; Kandola, 1995 In Gillian *et al.* 2001), with a focus on positive action initiatives (Kandola and Fullerton, 1994a; McDougall, 1996 In Gillian *et al.* 2001), managing diversity is concerned with ensuring that all people maximise their potential (Kandola and Fullerton, 1994a; Kandola, 1995; McDougall, 1996 In Gillian *et al.* 2001). Therefore, managing diversity suggests that differences between people should be effectively managed (Kandola, 1995; Liff and Wajcman, 1996; Cassell, 1996 In Gillian *et al.* 2001), as opposed to being rejected (Liff and Wajcman, 1996 In Gillian *et al.* 2001) or viewed as a liability (Wilson and Iles, 1999 In Gillian *et al.* 2001). A managing diversity approach differs further from an equal opportunity approach since it engages with a wider focus (McDougall, 1996 In Gillian *et al.* 2001), encompassing a range of broader issues (Iles, 1995 In Gillian *et al.* 2001) and people (Kandola, 1995 In Gillian *et al.* 2001) Whereas, equal opportunities is perceived as relating to specific groups, namely women, ethnic minorities and disabled people, diversity has individuals at the centre of its focus (Ross and Schneider, 1992; Kandola and Fullerton, 1994; Kandola, 1995; Liff; 1997 In Gillian *et al.* 2001). A managing diversity perspective brings with it an emphasis on organisational culture (Ross and Schneider, 1992; Kandola, 1995; McDougall, 1996 In Gillian *et*

al. 2001) and management styles (1995 In Gillian *et al.* 2001),which are not traditionally part of the equal opportunities approach.

Ford (1996) suggests that equality and diversity need to be seen as interdependent for them to be successful. This echoes many US writers who suggest that it is the success, rather than the failure, of affirmative action which has brought about an interest in managing diversity (Liff, 1999).

Diversity Management versus Affirmative Action

A work colleague recently raised the question 'what is the difference between diversity management and affirmative action?' This I thought was a very interesting question and my immediate thought in response to this was that I think the answer lies in the fact that affirmative action is used as a tool to help organisations ensure they manage diversity in their supply chains. However, having read some of the literature in this field, I came across the work of some scholars who have provided a more detailed response to this question and I think it is worth taking some time here to discuss their work.

Thomas (1991:23) for example, raises the question 'what does diversity management say it is?' and states:

'Diversity management says it will go beyond affirmative action which,

in its view, succeeds in hiring minorities but fails to assure their

promotion.

The principle cause of the failure of affirmative action is that its legalistic

framework creates a repressive obligatory environment in which

expectations of and demands for assimilation rule. This rule neither values diversity nor manages it and, in the end, blames minority employees for the failure of corporate policies. Thus, affirmative action is an artificial, transitional, and temporary solution to the problem of creating a diverse workforce and encouraging upward mobility for minorities'.

Thomas (1991:23)

For Thomas (1991), diversity management is viewed as crucial in ensuring the creation of a diverse workforce, and affirmative action is not the solution. He states that:

'Managing diversity is not about white males managing women and

minorities; it is about managers empowering whoever is in their workforce'.

Thomas (1991:12)

This is one perspective that goes beyond the 'traditional' view of diversity that is based on visible differences. Perlman (1992:15) holds the same perspective as Thomas (1991) but goes further in distinguishing diversity management from affirmative action, highlighting the following differences:

➢ Affirmative action is seen as rule-bound while diversity is seen as culture bound, or boundless.
➢ Affirmative action is viewed as social engineering while diversity is viewed as social representation.
➢ Affirmative action is racialised and gendered, diversity is individualised, custom-made.

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- Affirmative action is juridicially enforced, a source of obligation and responsibility, diversity is positive, a source of communal pleasure.
- Affirmative action confers property rights on supposedly culturally unassimilable groups, but diversity confers cultural rights on individuals possessing valuable properties.
- Affirmative action puts the corporation in the business of "helping people who are disadvantaged," but diversity puts "people from diverse backgrounds" to work "helping communities to succeed".

Thomas (1990) argues that affirmative action has been successful in giving members of under-represented groups access to organisations, but managing diversity is necessary to take this forward and allow minorities to thrive within the workplace.

The Emergence of Diversity Management

The literature in this field is huge and cannot be covered thoroughly in this review alone. However, since this is a key concept underpinning this research study, it is important to understand why diversity management has become a concern for organisations. There are numerous authors who have talked about the emergence of diversity management in different ways. Maxwell *et al* (2001) state that:

'It is against the background of limited success in, and difficulties facing, equal opportunities that the concept of managing diversity has developed'.

Maxwell *et al* (2001:468)

Miller *et al.* (1999) point to the publication of Workforce 2000 (Johnson and Packard, 1987) which they say alerted many US organisations to radical changes occurring in population and workplace demographics, and since then the management of diversity has become a consulting business of considerable magnitude in the US. Liff (1999a:65) states that legislation in the 1970s, supported by organisational developments in the 1980s brought considerable changes to the way women and ethnic minorities were treated in the workplace. Jones *et al.* (2000:368) claim that '*in 1994, managing diversity was emerging as a new and contested vocabulary for addressing issues of difference – gender, ethnicity, culture, sexuality – in organisations'.*

Other scholars (for example, see Kandola and Fullerton, 1994b; Iles, 1995; McDougall, 1996; Ford, 1996; Wilson and Iles, 1999), state that the concept of managing diversity originated in the USA. Dodds (1995), claims diversity management has emerged because it is a strategic issue for many organisations.

The work of Lorbiecki (2001) is one perspective which summarises what she views as the key events that brought about the emergence of diversity management. Lorbiecki (2001) uses the schema of Dass and Parker to sketch out the ways in which responses to diversity have changed overtime – this is one view, however I do think the work of Dass and Parker has been overstated in justifying her argument. Lorbiecki (2001) highlights four differing perspectives on the ways that organisations have gone about managing workforce diversity:

➢ *Resistance perspective* – during the 1950s and 1960s, established majorities feared that they might be displaced (in the workplace) by minorities engendering a 'resistance perspective' in which any embodiment of visible forms of difference – nationality, colour or gender – was perceived by the established majority (white, males) to be a threat. Organisations reacted by protecting the status quo as a means of preserving homogeneity.

➢ *Discrimination and Fairness perspective* – the racial tensions that existed in Britain during the 1950s and 1960s caused a change in the nature of debates around social justice and equality. Following the introduction of the Sex Discrimination Act 1975 and the Race Relations Act 1976, organisations responded to this legislative pressure by switching to a 'discrimination and fairness' perspective, which sought to level the playing field for members of historically disadvantaged groups.

➢ *Access and Legitimacy perspective* – this perspective places primary emphasis on acknowledging, accepting, appreciating, understanding and valuing a huge array of 'differences', including race, gender culture, age, able-body ness, values, experience, class and ways of working. It also stresses the need to create a culture or climate within which differences can find expression, so that organisations can match employees' demographic characteristics to those contained within important constituents and markets. Here, diversity management is seen to originate from within the organisation, resting on a business case, which perceives 'differences' as an investment. Managing diversity is seen, therefore, to be a strategic

rather than an operational issue, vital to the commercial success of the organisation.

➢ *Learning and Effectiveness perspective* – here it is argued that approaching diversity in the name of equality or celebrating differences is troublesome. Lorbiecki (2001) argues that the learning perspective has a major strength in that it pays much greater attention to the need to diversify work rather than people, thus bringing diversity into the core organisational processes. She does however warn of its limitations in that its paradigm is based on an essential view of women and minority groups as possessing 'different' knowledge, which again echoes the assumptions of earlier perspectives, and recommends that the sources of these tensions should be acknowledged and built into the diversity management agenda if the learning perspective is not to founder on the rocks of earlier versions.

Bringing diversity into the core organisational processes rather than people as Lorbiecki (2001) recommends is a different perspective to the majority of literature in this field which talks about diversity in relation to the workforce, rather than the work – it is not an angle that I have personally thought of when considering what diversity means and how it is managed.

What Exactly Is Diversity Management?

Mavin and Girling, (2000), highlight that awareness of managing diversity in the UK is becoming more widespread, with enthusiasm for diversity management increasing fairly rapidly. It has also been argued that managing diversity will become increasingly influential in the UK in the late 1990s (Kandola and Fullerton, 1994b; Iles, 1995; IPD, 1996; Wilson and Iles, 1999).

It is now common practice in the US and evidence suggests that it is becoming a powerful influence in Canadian (for example, see Taylor 1995; Lynn

1996) and British (for example, see Littlefield, 1995; Iles, 1995; Watson, 1997) organisations.

But what exactly do we mean by the term *diversity management*?. Various scholars have provided their perspectives on what they think diversity means. Lorbiecki (2001:345) defines managing diversity as:

'An organisational practice which seeks to redress employees negative

responses to differences associated with age, gender, race, class, occupation and religion, as well as physical ability or sexual orientation'.

Lorbiecki (2001:345)

In comparison, the definition provided by Gordon (1995) is rather brief compared to that of other scholars where he describes the concept as:

'The management of racial and gender identities and conflicts.'

Gordon (1995:3)

Cross (1991) takes a similar stand and treats diversity management as:

'A euphemism for the amelioration of racism and sexism. Difficult as

the other issues are (age, ethnicity, physical ability, sexual preference),

racism and sexism are the most pervasive forms of oppression, the most difficult

to talk about and to change. Managing diversity means acknowledging and valuing the differences of race and gender and in particular moving

towards cultural pluralism. Therefore, working against racism and

sexism gives managers skills for developing the uniqueness of all people'.

<div align="right">Cross (1991:34)</div>

These definitions resonate with the claim made by Janssens and Zanoni (2005:311), as mentioned earlier, where they observe that diversity studies generally define diversity by referring to one or more employees' socio-demographic traits. The point made by Smith (1998) is also reinforced here, in that the concept when defined is often oversimplified focussing on just the visible differences of humans.

The definitions cited so far tend to focus on diversity in terms of visible differences. There are scholars who go beyond referring to visible differences when defining diversity management. Bowens *et al.* (1993) and Giraldo (1991) for example, consider diversity management to be a new organisational paradigm in that it moves beyond a human resource model based solely on legal compliance to one that suggests there is inherent value in diversity. Thomas (1991) takes a similar stand and states that the term refers to:

> *'Efforts by organisations to actively recruit, retain, and facilitate working relationships among individuals from a variety of backgrounds.'*

<div align="right">Thomas (1991:21)</div>

Bartz *et al.* (1990) submit that managing diversity involves:

> *'...understanding that there are differences among employees and that these differences, if properly managed, are an asset to work being done more efficiently and effectively. Examples of diversity factors are race, culture, ethnicity, gender, age, a disability, and work experience'.*

Bartz *et al.* (1990:321)

Gilbert *et al.* (1999:61) state that *'diversity management is a voluntary organisational programme designed to create greater inclusion of all individuals into informal social networks and formal company programmes'*. They go on to define diversity management against the backdrop of affirmative action which they see as its predecessor:

> *'...we define diversity management as a complete organisational*
>
> *cultural change designed to foster appreciation of demographic,*
>
> *ethnic, and individual differences.'*

Gilbert *et al.* (1999:66)

Kramer (1998) states:

> *'Managing diversity or diversity management is concerned with more than the creation of equal employment opportunity, outcomes and legal compliance. It is an approach to management which is explicitly concerned with the integration of people management issues with business issues and the development of a workforce culture which acknowledges the need to manage the similarities and differences between contributors to the organisation'*.

Kramer (1998:133)

Kandola and Fullerton (1994a) who are recognised as scholars who popularised the term in the UK, state:

> *'Managing diversity is about the realisation of the potential of all employees...certain group- based equal opportunities need to be seriously questioned, in particular positive action and targets.'*

Kandola and Fullerton (1994a:47)

Kramer (1998) offers further discussion highlighting that diversity is managed at three levels:

1. The strategic level involving a philosophy which acknowledges and values the differences and similarities between people and recognises these differences as critical for organisational success.

2. The managerial level involves the formulation of formal management practices and structures which facilitate the expression of this philosophy.

3. The third level is concerned with the implementation of these practices.

THE BUSINESS CASE FOR DIVERSITY MANAGEMENT

'The presentation of a solid business case increases the

likelihood of obtaining leadership commitment and resources needed

to successfully implement diversity initiatives.'

Robinson and Dechant (1997: 22)

Is Diversity Management a good thing or a bad thing for business?

The 'business case' is a term which is used extensively in the literature on diversity management. Scholars like Robinson and Dechant (1997) urge that it is important that a business case is presented in order to obtain leadership commitment in implementing such initiatives. But is diversity management a good thing or a bad thing for business?

There are scholars and practitioners who argue there is a sound business case for diversity management as long as it is managed well, and others who cast doubts on the business case.

Cox and Blake (1991) are mentioned widely in the literature on diversity management. They argue that managing cultural diversity benefits organisations because it enables them to achieve competitive advantage. Benefits include:

> *Cost* – reducing turnover and absenteeism.
> *Resource acquisition* – attracting the best personnel as the labour pool shrinks and changes.
> *Marketing* – bringing insight and cultural sensitivity to the marketing effort.
> *Creativity* – increasing creativity and innovation.
> *Problem solving* – bringing a wider range of perspectives and more through critical analysis.
> *System flexibility* – reacting to environmental changes faster and at less cost.

Cox and Blake (1991)

Kramar (1998) states that the business case has predominantly been argued for in terms of four issues:

1. Competing effectively in the labour market.
2. A source of competitive advantage.
3. A means of effectively adapting to change.
4. An ideology around the contributions of individuals.

Similarly, Lattimer (1998:3) believes there is a case for diversity in global business and states that *'diversity leadership goes beyond employment equity/affirmative action and valuing differences beyond race and gender'*. He argues that effective competition will increasingly depend on the creativity and innovation of diverse employees: their skills and competencies, adaptability and responsiveness, new and expanded styles of thinking and broad perspectives, real commitment to the organisation's vision of superior quality, customer focus, and service. His comments may be true and may have been proven by other scholars, but in his writing, he makes these claims based on no evidence.

Lattimer (1998:3) states that research has predicted that in a "Workforce 2000" world, competitive differentiation rests on at least five imperatives, but again does not reference who coined these imperatives. Still, these imperatives are worth mentioning as they offer us another perspective. The five imperatives stated are:

- Realising that diversity is a golden opportunity to be encouraged, nurtured, and utilised, not an unfortunate by-product of immigration and birth rates.
- Strengthening the organisation's problem-solving and decision-making process, by actually establishing a diverse workforce throughout, without requiring, either actively or tacitly, that employees assimilate.
- Developing an organisational structure that relies on diverse work teams and then allows those teams to unleash greater levels of creativity, leading to the development of new products and services.
- Establishing a strategy and process for creating a new corporate culture that recognises the value and utility of all diverse employees.
- Relating a comprehensive managing diversity strategy to any and all organisational efforts to improve the quality of its products and services.

For Lattimer (1998:4), managing diversity for strategic and competitive advantage is an ongoing process of addressing the full array of diverse issues that

impact the business performance of an organisation, such issues as the changing workforce, shifting employee values, new and emerging markets, globalisation of the enterprise, mergers and acquisitions, the impact of technology, and information systems, to mention a few. This is a different perspective on the general view of diversity in that he views diversity beyond the visible differences of humans.

'Managing diversity is moving from being a social ideal to a practical business mandate, particularly as more organisations operate across national borders and cultural boundaries. Differences in the workforce are increasingly being seen as powerful opportunities for strengthening organisational performance. The question, therefore, is no longer whether diversity exists. Rather, the question is what that does diversity really mean? To truly compete in the 21st century, everyone, from the CEO down, must learn to understand as a fundamental principle what the cultures, traits, values, and experiences of people of difference contribute. Then, through a courageous, innovative, and comprehensive planning process, the organisation must insert those people of difference into the very centres of corporate and organisational power and influence'.

Lattimer (1998:5)

Robinson and Dechant (1997), like previously mentioned researchers, argue that there are several benefits to an organisation through managing diversity:

- *Cost savings* – the negative impact of diversity mismanagement on the bottom line, for example, high employee turnover costs, higher absenteeism rates, etc.
- *Winning the competition for talent* – attracting, retaining, and promoting excellent employees from different demographic groups.

- *Driving business growth* – by leveraging opportunities associated with increased marketplace understanding, greater creativity, higher quality team problem-solving, improved leadership effectiveness, and better global relations.

- *Improving marketplace understanding* – by taking advantage of diverse talent (both customers and suppliers) to improve marketplace understanding.

- *Increasing creativity and innovation* – an expected consequence of increased cultural diversity in organisations is the presence of different perspectives for the performance of creative tasks, and employees who feel valued and supported tend to be more innovative.

- *Producing higher quality problem solving* – while diverse groups experience more conflict in agreeing on what is important and in working together at the outset, they ultimately outperform homogenous groups in identifying problem perspectives and generating alternative solutions.

- *Enhancing leadership effectiveness* – homogeneity at the top results in a more myopic perspective at senior levels.

- *Building effective global relationships* – the increased cultural awareness developed by a firm's adaptation to diversity can help it to become more effective in cross-cultural business situations.

Gandz (2001) also argues that there is a compelling generic business case for achieving and managing diversity in the workplace. He states that diversity can help organisations: identify and capitalise on opportunities to improve products and services; attract, retain, motivate and utilise human resources effectively; improve the quality of decision making at all organisational levels; and reap the many benefits from being perceived as socially conscious and progressive organisation. These benefits should be manifested in an improved bottom line and maximisation of shareholder value. However, diversity must be both achieved and managed effectively if its benefits are to be realised. This requires leadership commitment, the establishment of priorities and realistic objectives, the assessment and development of policies and practices to meet the particular diversity needs of the organisation.

Dodds (1995) argues that the message that diversity management can be used to boost corporate performance and make the workplace more socially inclusive is of strategic interest to firms because it provides them with a mechanism for releasing desperately needed talents suppressed by mono-cultural organisations that label and stereotype on the basis of gender and race.

Liff (1999) believes the debate around managing diversity provides a valuable opportunity to rethink the strengths and weaknesses of equality approaches. She states that those versions of managing diversity which stress the need for organisations, rather than individuals, to adapt offer an approach to equality which addresses many of the limitations of current equality policies.

Although Smith (1998) is a believer of the positive business benefits achievable through managing diversity, he warns that that establishing a more diverse workforce will not in itself guarantee the benefits of diversity. He argues that these can be realised only through the creation of an organisation where a broad range of abilities, talents and perspectives are valued, supported and appreciated for good business performance.

Challenging the Business Case

Some diversity scholars have questioned the underlying assumptions that other scholars have made in their argument when stating that a business case for diversity management does exist. Litvin (1997) for example, questions the assumptions made about the nature of diversity and the implications for how diversity should be managed. He argues that the socio-demographic characteristics are considered constitutive of human beings' essences, leading to a view of identity as a given, fixed essence. The assumption is that the socio-

demographic category under investigation – such as gender or race – reflects essential differences in attitude, personality and behaviour. Other scholars argue that individuals are reduced to being members of a particular socio-demographic category such as 'women', 'the low educated', or 'the migrant workers', with almost no attention to individual differences or within-group variation (Alder and Graham, 1989; Litvin, 1997; Nkomo, 1995; Nkomo and Cox, 1996).

Kochan *et al.* (2003) challenge the business case from a different perspective arguing that that there is little research conducted in actual organisations that addresses the impact of diversity or diversity management practices on financial performance. Whilst there are a large number of laboratory experiments that test specific diversity performance hypotheses, there are few such studies in real organisations and fewer still that assess this hypotheses using objective performance measures. An exception is a study conducted by Wright *et al.* (1995) that compared companies with exemplary diversity management practices to those that had paid legal damages to settle discrimination lawsuits. The results of this study showed that the exemplary firms also performed better as measured by their stock prices – I am not convinced however that using stock prices was an appropriate measure as there are many factors which could cause them to fluctuate. Overall, however, the search for evidence that directly supports the business case hypotheses proved elusive.

This view is also held by Robinson and Dechant (1997), who state:

'Developing a business case for diversity is more difficult than for other

business issues because evidence of diversity's impact on the bottom line has not been systematically measured and documented for easy retrieval and use.'

Robinson and Dechant (1997:21)

Gandz (2001) also supports this view reporting that the literature on workplace diversity shows that it is rich in anecdotal experiences suggesting associations between good outcomes for organisations and diversity, but deeper analysis however, reveals that there are few systematic, scientific studies which would suggest a "cause and effect" relationship between diversity and performance.

Thus, the research literature paints a more complex picture of the consequences of diversity than does the popular rhetoric (Kochan *et al.* 2003:5).

(Kochan *et al.* 2003) identify two interesting points that might explain the lack of evidence:

1. Diversity is extremely difficult to study in organisational settings because it raises sensitive issues that are difficult to assess. In addition, organisations are reluctant to share their experiences or data, given the legal climate and the potential for litigation.
2. The relationship between diversity and the bottom line is more complex than is implied by the popular rhetoric.

These, I would say are valid points, that may prove to be important considerations for this research study when assessing the business case for supplier diversity in the construction housing industry. Gandz (2001) also mentions similar research challenges highlighting the following reasons that may explain the lack of evidence:

1. Some writers in this field are declared advocates for diversity; other writers and researchers may have a social philosophy or ideology which influences them in writing about this topic; others may subconsciously self-censor because of concerns of exposure to personal criticism.

2. Doing good empirical research in this field is both difficult and expensive requiring large samples of companies to be able to use the sampling and multivariate statistical techniques which would be required to identify that diversity contributed significant amounts to variance in performance.

Kochan *et al.* (2003) tested various arguments regarding the business case for diversity and concluded that they found few positive or negative direct effects of diversity on business performance. They suggest a more nuanced view of the business case for diversity may be appropriate and state that the simplistic business case of the past is simply not supported in their research.

'Those who want to invoke a business case to advance the cause of

diversity need to modify the way they frame the argument. They should start by recognising that there is virtually no evidence to support the simple assertion that diversity is inevitably either good or bad for business. Based on our findings, we propose a more nuanced view, which focuses on the conditions that can leverage benefits from diversity or, at the very least, mitigate its negative effects.'

Kochan *et al.* (2003:18)

In looking beyond the business case, Kochan *et al.* (2003) believe that diversity professionals, industry leaders, and researchers might do better to

recognise that while there is no reason to believe diversity will naturally translate into better or worse results, diversity is both a labour market imperative and societal expectation and value. Therefore, managers might do better to focus on building an organisational culture, human resource practices, and the managerial and group process skills needed to translate diversity into positive organisational, group, and individual results. Their specific recommendations are:

- *Adopt a more analytical approach*. Kochan *et al.* (2003) found that despite the widespread availability and use of human resource information systems, basic HR data about individuals or groups could not be readily linked to business level performance data. Consequently, HR practitioners will be limited in what they can learn about how to manage diversity effectively. Professionals in charge of diversity management should take a more analytical approach in performing their roles. Sophisticated data collection and analyses are needed to understand the consequences of diversity within organisations, and to monitor an organisation's progress in managing diversity effectively.

- *Support experimentation and evaluation*. More work is needed to design and evaluate specific interventions or experiments aimed at creating a positive link between diversity and performance. Kochan *et al.* (2003) state that researchers who are better able to isolate effects by studying them in the controlled setting of a laboratory tend to find larger effects than they observed in their field research. Studies that can better replicate these experimental conditions in real organisational settings would increase control without the artificiality of the laboratory.

- *Train for group process skills*. Kochan *et al.* (2003) suggest that training programmes must help managers to develop the leadership and group process skills needed to facilitate constructive conflict and effective communication. These are challenges that will inevitably arise for managers who make diversity a resource for learning, change and renewal.

Kochan *et al.* (2003) draw quite substantive conclusions from their research findings, which challenge the majority of scholars who have argued that there is a business case for diversity. However, their research was carried out with just four companies that agreed to take part in the study. Given the limited nature of their sample, it would be inappropriate to propose broad or sweeping implications for managerial action. Although they recognise this limitation in their research, they still do make broad and quite challenging statements of previous research in light of their own findings.

Jones *et al.* (2000) also challenge the arguments for managing diversity, but from a different perspective to that of Kochan *et al.* (2003). Jones *et al.* (2000) argue that the dominant discourse of 'managing diversity' has embedded in it cultural assumptions that are specific to the US management literature. They challenge the work of Cox (1994:52) who expresses frustration on the 'language of diversity' - that the term gets "distorted" in "international forums" where "it is branded as an American issue" and argues that this "distortion" means that non-Americans undervalue the importance of difference, and that they ignore the "opportunities for transfer of knowledge" from US accounts to their own national contexts. Jones *et al.* (2000) argue that a concept of multi-voiced international discourse on issues of difference in organisations is a better model than "knowledge transfer", with its implications of passing on the latest advances in knowledge and practice.

'Some aspects of difference are incommensurable…there can be no grand meta-language of diversity that transcends or comprehends all differences.'

Jones *et al.* (2000:365)

Janssens and Zanoni (2005:314) make a further point highlighting that although recent studies increasingly acknowledge the complex, dynamic ways in

which diversity operates in organisational settings, they still conceptualize diversity as one or a set of socio-demographic traits prior to the organisation.

EFFECTIVE DIVERSITY MANAGEMENT

The Consequences of Not Attending To Diversity

Williams and O'Reilly (1998) warn that diversity, if unattended to, is likely to have an adverse effect on group processes, such as communications, conflict, and cohesion. Jehn (1995) argues that diversity in a work group can produce lower cohesion and miscommunication among group members, which can lead to group conflict. Some of this group conflict may be productive, if for example, it avoids 'groupthink' and brings additional points of view into the discussion, whereas other forms may worsen group performance (Kochan *et al*. 2003).

Robinson and Dechant (1997) state that managing diversity is necessary to avoid unnecessary costs to the organisation which could be accrued through higher employee turnover costs, higher absenteeism costs, and lawsuits on sexual, race and age discrimination.

Kochan *et al*. (2003) argue that past research suggests that there may be no direct positive or negative relationship between diversity and performance outcomes. In some groups, diversity may improve performance, while in other groups, diversity may be detrimental to performance. If diversity has inconsistent effects across groups, then in studies that examine the relationship between diversity and performance across many groups, the positive and negative effects may cancel each other out so that no effect obtains.

Achieving Positive Results

The literature in this field is huge, particularly in the US where scholars and practitioners alike advocate on the 'how to' of achieving successful organisational results through effective diversity management.

Robinson and Dechant (1997:29) for example, advise on how to structure the business case for diversity management within a business organisation. They state that the most successful business case for diversity is one that focuses on attaining a firm's specific business objectives, and creating it involves four steps:

1. Determining business objectives or needs – starts with consideration of the business strategy and identifies the highest leverage business opportunities or needs that require diversity..

2. Identifying actions required for each objective or need – deciding whether the nature and magnitude of the initiative will be focussed or comprehensive in scope. A focussed approach has targeted, specific objectives that seek a particular short-term payback of investment. A comprehensive strategy has multiple targets and objectives involving a significant investment of time and money. Such a step requires integration across the organisation, touching multiple systems, levels and cultures.

3. Conducting a cost/benefit analysis – specifying the costs involved in the implementation of the initiative and the expected returns.

4. Developing tracking mechanisms to assess progress and financial impact – identify upfront and along the way all the activities of progress that can be measured and evaluated.

Robinson and Dechant (1997) warn that diversity management generally involves a long-term culture change requiring a significant commitment of time, resources, and leadership attention. Therefore, the corresponding return on investment may take years.

Gandz (2001), states that there are two aspects to achieving diversity. The first is getting there: moving from a non-diverse to a diverse workforce. The second is managing diversity, ensuring that the benefits are realised while the costs are minimised. He states:

'...there is no one" silver bullet" which guarantees success. Each company can develop their own approach which suits their business needs and realities.'

Gandz (2001:15)

Experience does tell us however that there are some recurring themes: leading from the top; benchmarking; setting objectives, evaluating progress and rewarding success; recruiting and promoting a diverse workforce; human resource management; making accommodations for the needs, values, beliefs and lifestyles which will characterise a more diverse workforce; accommodating disabilities; training and education; addressing concerns of those who may have negative reactions to diversity initiatives and learning how to manage these situations effectively (Gandz 2001).

Ethical considerations in diversity management

'Management must make a conscious effort to use ethical decision making.

Lip service will not bring about diversity management.'

Gilbert *et al.* (1999:70)

Gilbert *et al* (1999:65) state that *'diversity issues have ethical considerations as their underpinnings'* and propose the following ethical principles as relevant:

➢ The Golden Rule is one of the most popular as it is rooted in both history and several world religions. If you want to be treated fairly, treat others fairly (Carrol, 1990 In Gilbert *et al*. 1999). The inclusiveness implicit in diversity management cannot succeed without fair treatment of all employees.

➢ The Disclosure Rule provides some strong indication of how actions may be viewed. If you are comfortable with decisions after asking yourself if you would mind if others are aware of the them, the decision is probably ethical (Carrol, 1990 In Gilbert *et al*. 1999). The openness necessary in administering diversity management provides a unique window for assuring success.

➢ The Rights Approach assumes that people's dignity is based on their ability to freely choose what they will do with their lives, and they have a fundamental moral right to have these choices respected (Valasquez, *et al*., 1996 In Gilbert *et al*. 1999). Diversity management allows all people to reach their fullest potential by choosing career paths according to their interests and abilities.
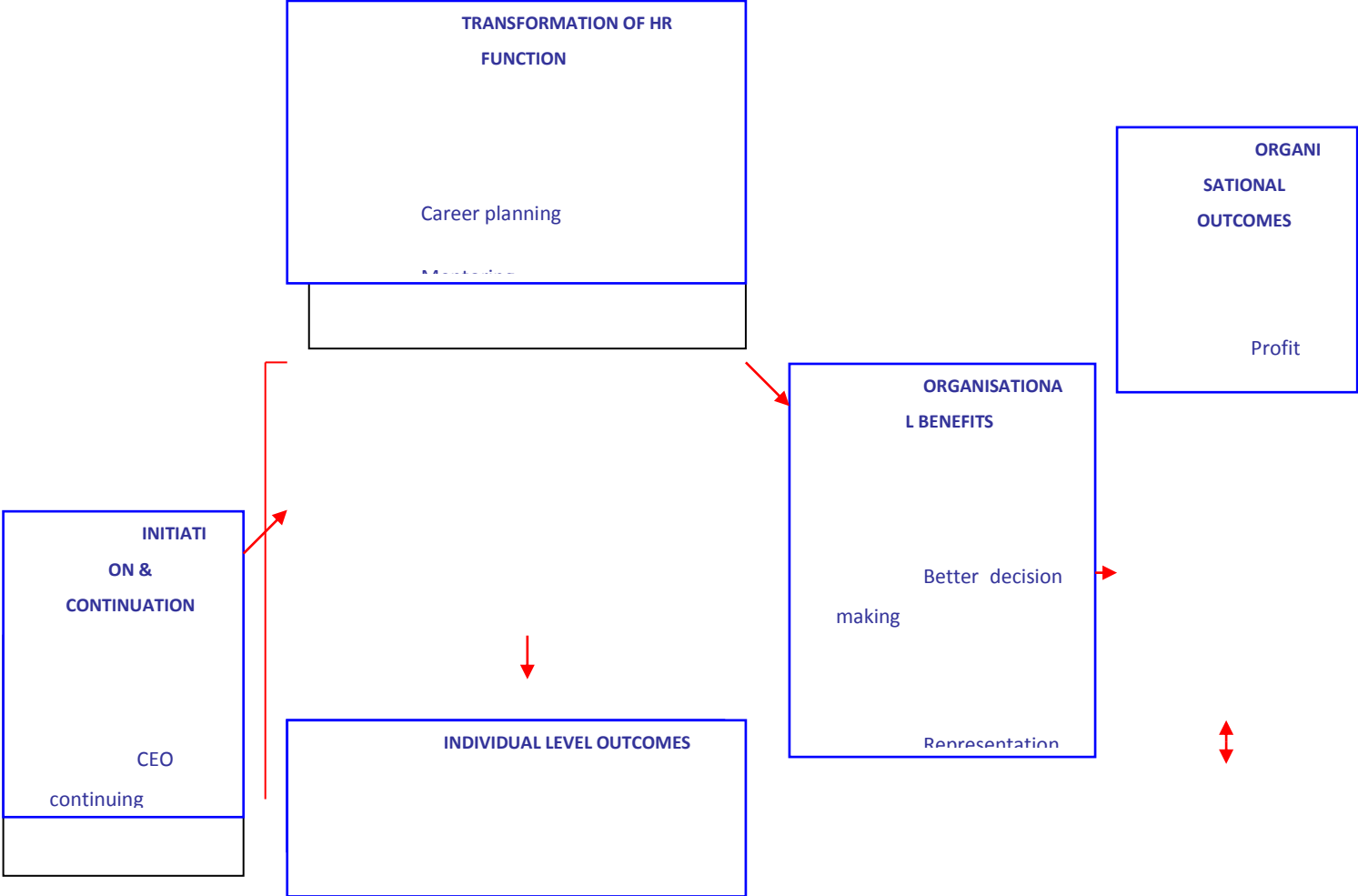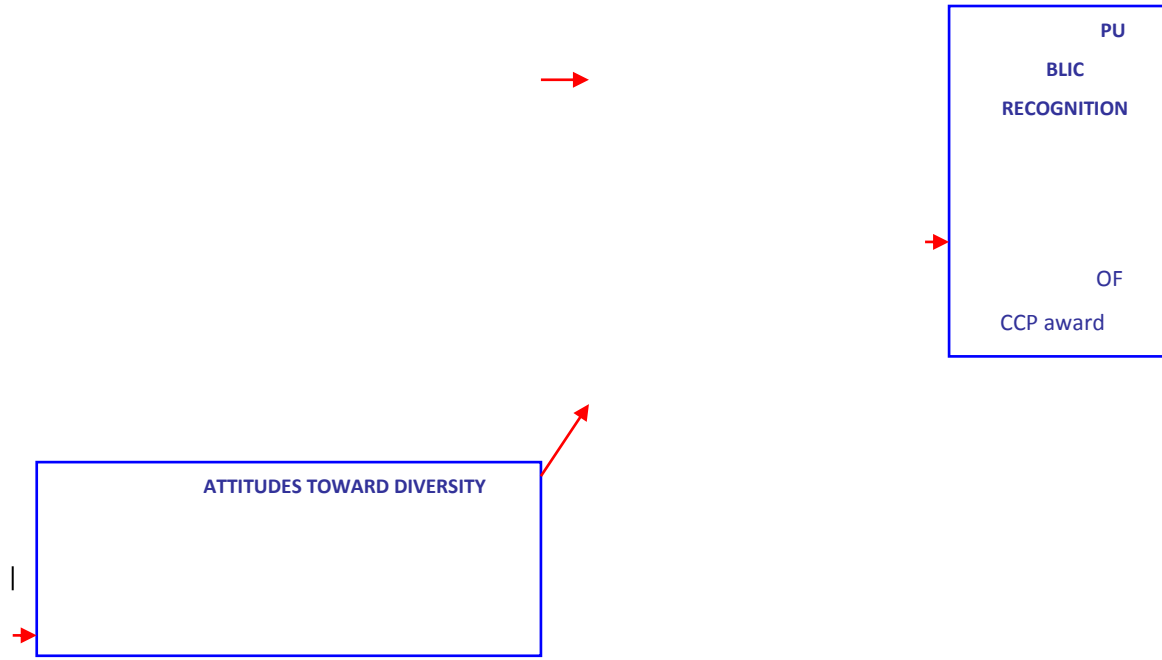
Gilbert *et al*. (1999) go on to say that:

'If these ethical principles are removed, diversity management initiatives will collapse. Management that is uninterested in recognising these principles will not provide leadership and support diversity management to succeed.'

Gilbert *et al*. (1999:66)

A model is presented by Gilbert *et al.* (1999), which I would suggest summarises the views of many scholars who argue for diversity management have. Gilbert *et al*. (1999:67) refer to this as 'the integrated model' which they highlight suggests that specific factors are responsible for positive diversity results (see Figure Six).

Figure 6: A Model of Effective Diversity Management (Gilbert *et al*. 1999:67)

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The model illustrates how CEO initiation and continuation (CEO of these organisations believe that diversity management makes sense both from a perspective of justice and a perspective of improving the bottom line) leads to transformation of the human resource function, positive individual level outcomes for minority and majority individuals, and positive attitudes towards diversity. Benefits of effectively managed diversity in turn ultimately affect important organisational outcomes, such as profit, market share and stock price.

Barriers to Diversity Management

Thomas and Ely (1996:80) warn that barriers to diversity management can arise. These include:

- Inexperience with the process.
- The nature of communication and decision making in organisations.
- Misdiagnosis of management issues and attitudes, including thinking of diversity in terms of identity group representation.

Kramer (1998) highlights that diversity has always existed in organisations, but individuals have suppressed their diversity: age, lifestyle preference, priorities with respect to families, in order to conform to the stereotype of a "good employee". Because it was always suppressed, organisations are having trouble dealing with diversity around race and gender issues.

Galagan (1993) states the following barriers which inhibit the effective management of diversity:

1. Prejudice – equating difference with deficiency.

2. Poor career planning.

3. A lonely, hostile, unsupportive environment for non-traditional managers.

4. Lack of organisational know-how by non-traditional managers.

5. Managers more comfortable with their own kind;

6. Difficulties in balancing family and career.

SUPPLIER DIVERSITY IN THE

UK CONSTRUCTION INDUSTRY?

Thus far, a review of the literature on strategic CSR, stakeholder management and diversity management has been provided. The final section of the literature element now focuses on the specific issue of supplier diversity within the construction industry.

Diversity in the UK Construction Industry

The Construction industry is Britain's biggest industry employing more people and generating more output than any other sector (CITB, 2005) yet is renowned for its poor reputation for diversity (UMIST, 2004). In a recent study, Sodhi and Steele (2002:13) concluded *'it is clear that discrimination is still very much in evidence and this is particularly true of the construction industry'*.

A report commissioned by the Construction Industry Training Board (CITB) on the under-representation of ethnic minorities in the industry found that less than 3% of the industry was Black or Asian but the national average was 6.4% (of working age); 10.1% of the construction industry workforce are women – a very low representation; two-fifths (39%) of ethnic minority construction employees had experienced racist remarks, and although 97% of firms had an

equal opportunities policy only 50% checked to see if it was working (Sodhi and Steele, 2002).

The latest statistics (CITB, 2004) highlight that:

➢ Only 3% of sole traders in UK construction are non-white ethnic minorities.

➢ A mere 1% of sole traders in UK construction are women.

The industry is generally driven by single and unique projects, each creating and disbanding project teams made up of varying combinations of large and small firms from across the supply chain perspective. The scale of small firm activity in this collage of disjointed projects is considerable, with, in 1999, 99% of UK constructions firms having 1-59 staff delivering some 52% of the industry's workload (Sexton and Barrett, 2003).

Barriers for Minority Businesses in the Construction Industry

Housing associations are the main providers of social housing within the UK and a major force in area regeneration initiatives (Steele and Sodhi, 2004). Increasing importance has been placed on the role of housing associations to promote equality and social inclusion and this is clear from the Housing Corporations BME Housing Policy (Housing Corporation, 2005). In the last few years there has been a plethora of good practice reports published offering guidance to public sector organisations on how to address race equality issues in their business procurement practices (Eagon, 1998; CRE, 2003; 2005; Michaelis *et al*., 2003; ODPM, 2003). Despite this however, housing associations continue to appear under the spotlight for their inadequate action in complying with the statutory duty in relation to their contracting powers (Sodhi and Steele, 2002).

Previous research such as Harrison and Davies (1995), has uncovered that only a small share of the economic benefits arising from housing association urban investment is finding its way to minority ethnic communities in the form of building work commissioned from ethnic-run firms. The implication here is that a significant form of public investment is failing to secure what might be thought of as value for money, in terms of facilitating inner city community economic development. At the same time it would seem that ethnic minority run firms are finding difficulties in entering an important competitive market for their services, where housing association dependence on well-established contacts with white-run firms could constitute an indirectly racist practice.

The size and resources of the minority firm, coupled with housing associations' procedures, bureaucracy, and the lack of external monitoring, are further barriers that have been identified (Sodhi and Steele, 2002). Few housing associations have recognised the potential of their purchasing power in terms of investment in construction and maintenance work in promoting equality or the business benefits of doing so. There is a general lack of appreciation among housing associations of the importance of employing minority contractors and consultants from both an equal opportunity and a business perspective (Steele and Sodhi, 2004).

Steele and Todd, 2005 have highlighted that the commitment of social housing agencies to equality of opportunity will be crucial to the success of the minority business sector. They argue that in view of the Race Relations (Amendment) Act 2000 and government guidance on equal opportunities, the housing association sector has still to fully recognise its influential role in this area.

The study conducted by Sodhi and Steele (2002), is probably the most detailed study I came across in the literature review when examining what researchers have discovered thus far in relation to the barriers faced by both

procurement professionals and minority businesses in the construction industry. However, this study does have its limitations. Firstly, the study covers minority businesses in the public sector only – I found no evidence of any research examining the perceived/actual barriers faced by businesses operating in the private sector. Secondly, the study covered the Greater London area alone with a relatively small sample size, therefore it would not be appropriate to make generalisations on the findings of this study and assume that they apply to construction companies all over the UK. However, the findings are still useful as an indicator of the barriers encountered by both procurement professionals and minority businesses in the public sector of this industry. I suggest these findings could be explored further to uncover more detail, and it would be useful to examine both the public and private sectors to gain a broader insight to the issues faced by both buyers and minority suppliers in the construction industry.

THE WAY FORWARD

Carrying out this literature review has proved extremely helpful. It has not so much resulted in me changing my original research questions, but rather has confirmed that there is value in finding answers to them. In addition to my initial questions however, the review has resulted in me asking additional research

questions which I suggest will add further value to the study. An overview of these areas now follows together with a model for an initial conceptual framework.

Supplier Diversity as a Strategic CSR decision

We've seen that several scholars have argued that there is a business case for CSR, and it has been argued that companies should limit their CSR programmes to strategic CSR. Burke and Logsdon (1996) argue that empirical studies to date have focused primarily on the link between CSR and financial performance, and identify what they see as a more comprehensive basis for identifying the relationships between corporate social responsibility and the firm's strategic interests. Their broader set of criteria or dimensions attempt to capture the full range of strategic behaviour and opportunities for business to benefit from corporate social responsibility. Their attempt to develop better measures for assessing when and in what ways corporate social responsibility activities jointly serve economic and societal interests is a perspective that can be adopted in this research study. So my specific research questions here are:

> *What are the benefits for large construction companies if they manage supplier diversity as a strategic CSR issue?*
> *Under what conditions does supplier diversity benefit large construction companies?*

The 'Corporate Social Contract'

The idea of a "corporate social contract", which Lantos (2001) states underlies the CSR concept today, is an interesting one in light of the concerns of this research study. I am going to accept the definition provided by Lantos (2001), and relate this to the construction industry by assuming that large construction companies are socially responsible to multiple stakeholders (which includes minority suppliers), as well as the more traditional, singularly emphasised

shareholder, but should limit their CSR activities to strategic CSR. Here, I'm interested in the following questions

> *Have the obligations of construction firms implied in their social contract with minority businesses been fulfilled?*
> *If not, how do construction firms fulfil their obligations to this segment of suppliers, thereby generating both economic and social benefits?*

Strategic Stakeholder Management

I have cited within this literature review various scholars who have argued that there is a business case for strategic stakeholder management. For example, Backhaus *et* al. (2002) highlights that treating stakeholders well, making decisions that affect employment, communities, and the environment positively leads to positive outcomes.

It may be worthwhile examining this study in light of the findings of Berman *et al.* (1999), which in the case of this research study imply that both the behaviour of procurement professionals and minority suppliers in the construction industry affect one another. Here, I'm accepting the stakeholder and societal pressures model presented by Waddock *et al.* (2001) (see, figure 4). According to the principles of this model, we can assume that large construction companies face pressure from minority suppliers as well as secondary stakeholders, for example, government pressure for economic development, to behave in a socially responsible manner. Here, I'm also subscribing to the view of Porter and Kramer (2002) and accepting that viewing economic and social objectives as distinct and competing is a false dichotomy. This leads me to the following research question which I suggest should be explored further as part of this study:

➤ *Will identifying and addressing the concerns of minority suppliers (as stakeholders of the firm) enhance the performance of large construction firms, and thereby generate both economic and social benefits?*

Barriers to successful buyer/minority supplier relationships

If there is a case for construction firms to manage minority suppliers as key stakeholders of the firm, then a study to identify what the perceived/actual barriers to buyer/supplier relationships are in this industry is well justified, as the findings of this study may enable construction firms to manage these stakeholders more effectively.

The preliminary literature review has revealed that to date, there is a dearth of research investigating diversity in the construction industry, and the majority of this material relates to strategies to achieve workforce diversity, for example see (Davey *et al*., 1998; Agapiou and Dainty, 2003; Dainty *et al*., 2004; UMIST, 2004). Other studies have revealed that the industry more generally has failed to be inclusive and diversify its workforce (for example see Caplan and Gilham, 2005; Graft-Johnson *et al*., 2005; Newton and Ormerod, 2005).

In comparison, there is relatively little literature on the issue of supplier diversity within the industry. What does exist applies more to the employment of minority suppliers in the public sector – here, barriers have been found to exist for minority businesses seeking to trade with housing associations.

A study was conducted by Pearson *et al*. (1993) in the US exploring the challenges faced by large construction firms when seeking to purchase from minority owned firms. The methodology adopted in this study allowed for a detailed analysis to be made on the impediments to successful relationships involving minority businesses. The findings of this study in my view are far more insightful compared to the study by Sodhi and Steele (2002) mentioned earlier,

which I believe provide a useful but mere snapshot of the issues faced in the UK. Given the detailed analysis that can be drawn from the study by Pearson *et al.* (1993), I suggest it may be worth basing documents three and four on the model used in this study. This may enable me to gain a deeper insight to the actual/perceived barriers faced by both UK procurement professionals and minority businesses when seeking to trade with one another.

The insights provided into signalling theory in the work of Greening and Turban (2000) is a perspective which may be worth exploring further when replicating the study by Pearson *et al.* (1993) for documents three and four. Signalling theory suggests that individuals use various clues, dropped by the firm, to draw conclusions about the firm's intentions or actions (Backhaus *et* al. 2002:295). Fombrun and Shanley (1990), and Spence (1973), concluded that signals from a firm may originate from a variety of sources, such as a firm's product quality, its strategies, marketing efforts, and so forth.

Given that I'm interested in the perceived/actual barriers between both procurement professionals and minority businesses in the construction housing industry, insofar as how it affects the buyer/supplier relationship, it may be worthwhile drawing on what signalling theory tells us when examining the perspective of both buyers and minority suppliers with regards to their perceptions of one another.

Information about certain corporate social performance dimensions may provide the data a minority supplier needs to assess the appropriateness of contacting the construction firm. For example, job seekers in the study conducted by Backhaus *et al.* (2002) found some aspects of the firm's corporate social performance relevant when choosing the firm as an employer, namely environment, community relations, employee relations, diversity, and product issues. In the same way, I wonder if potential minority suppliers use some aspects of the larger constructions firms' corporate social performance, such as the

diversity record of the construction industry, as an indicator of whether it is worth trying to pursue contract opportunities with the firm. The presence of a positive corporate social performance record may suggest a more welcoming environment.

This then leads us to the question of 'image management'. An organisation's image is the way the organisation is perceived by individuals (Tom, 1971:576). An organisation's image is developed based on the organisation's actions and information that is disseminated regarding its character (Fombrun and Shanley, 1990; Spence, 1973). Image management refers to the attempts of an organisation to construct positive perceptions of itself to stakeholders (Griffin, 1999). Behling *et al*. 1968; Fombrun and Shanley, 1990; Highhouse *et al*. 1999, have all highlighted that exposure to organisational "messages" result in individuals forming an image, of among other things, what kind of employer the firm might be. The findings of the study by Backhaus *et* al. (2002) supported the need for image management. Fombrun and Shanley (1990) state that a firm's reputation or image is a valuable asset, often serving as the basis for decisions made by organisational stakeholders in their interactions with the firm.

It would be interesting to explore this theory further in relation to how the image of the construction industry affects its relationship with minority suppliers. Therefore, it may prove useful to address the following questions as part of my fieldwork:

> *What signals do construction firms give to minority businesses and might these explain why any perceived/actual barriers exist?*
> *Does good corporate social performance help attract quality minority suppliers?*
> *Is there a need for image management in the construction industry, in order to attract more minority suppliers?*

Managing Diversity

Various perspectives have been offered by scholars on what is meant by 'diversity' and 'diversity management'. As part of my fieldwork, it is suggested that it may prove worthwhile to explore the following:

➢ *What exactly do procurement professionals in the construction industry understand by the term diversity management within their supplier base?*

➢ *What barriers (internal and/or external) do procurement professionals in the UK construction industry face when seeking to manage diversity amongst their supplier base?*

➢ At what level/s (strategic level, managerial level, or implementation level) is supplier diversity managed in the UK construction housing industry?

Initial Conceptual Framework

The key areas that I suggest will form the basis of further research are summarised in Figure 7. This model illustrates an initial conceptual framework that I propose will be useful in progressing this research study to the next stages.

Figure 7: Initial Conceptual Framework

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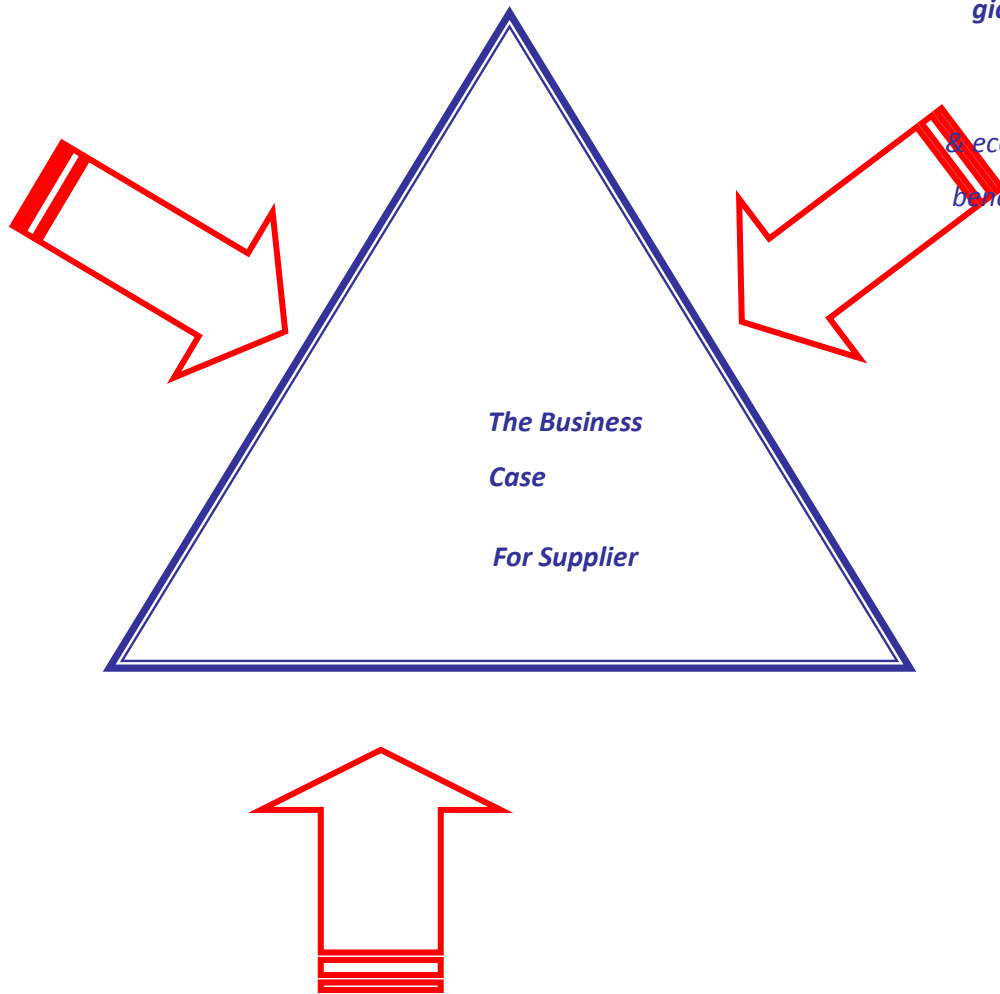
Diversity

Management

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DOCUMENT THREE

DEFINITION OF TERMS

Minority Owned Business

British Telecom's definition of a minority owned business: a minority business enterprise is a company which is at least 51% owned, controlled or operated by one or more individuals who are members of an ethnic minority group, are women, are disabled or are either lesbian, gay, bisexual or trans-gender.

Ethnic Minority Owned Business

A business which is at least 51% owned, controlled or operated by an ethnic minority.

Women Owned Business

A business which is at least 51% owned, controlled or operated by a woman.

Supplier Diversity

Initiatives that aim to increase the number of diverse (e.g. ethnic-minority owned; women-owned) businesses that supply goods and services to both public and private sector organisations, either directly or as part of a wider emphasis on smaller enterprises in general.

Small Medium Enterprise (SME)

The Department of Trade and Industry states: there is no single definition of a small firm, mainly because of the wide diversity of businesses. Section 248 of the Companies Act of 1985 states that a company is "small" if it satisfies at least two of the following criteria:

➢ a turnover of not more than £2.8 million;
➢ a balance sheet total of not more than £1.4 million;
➢ not more than 50 employees

A medium sized company must satisfy at least two of the following criteria:

➢ a turnover of not more than £11.2 million;
➢ a balance sheet total of not more than £5.6 million;
➢ not more than 250 employees

For statistical purposes, the Department of Trade and Industry (DTI) usually uses the following definitions:

➢ micro firm: 0 - 9 employees
➢ small firm: 0 - 49 employees (includes micro)
➢ medium firm: 50 - 249 employees
➢ large firm: over 250 employees

For the purposes of this research, SMEs will be defined using the thresholds adopted by the DTI: an SME is a company that has 0-249 employees, a

turnover of not more than £11.2 million and a balance sheet total of not more than £5.6 million.

Suppliers – SME's working as sub-contractors in the construction housing industry.

Large Construction Companies – companies operating in the public and private sectors of the construction housing industry, who have a turnover in excess of £11.2 million.

Large Purchasing Organisations – companies operating in the public and private sectors of the construction housing industry, who have a turnover in excess of £11.2 million.

ABSTRACT

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As the construction industry faces increased pressures to act in a more socially responsible way, the concept of 'supplier diversity' is one of several topics that have found its way to the corporate social responsibility agenda. Often seen as a strand of the notion of ethical sourcing, the supplier diversity debate

relates to the issue of promoting greater diversity in the supply chain by providing opportunities for traditionally underrepresented suppliers (e.g. ethnic minority owned businesses, women-owned businesses, disabled-owned businesses) to engage with large purchasing organisations.

This paper is an account of the first stage of a wider exploratory study assessing whether there is a business case for supplier diversity in the construction housing industry. This stage of the study draws from interviews and source material with three senior directors responsible for procurement working for large purchasing organisations in the UK construction housing industry, and three minority business owners operating as sub-contractors in this industry.

Utilising an in-depth interview approach, it focuses on the merits of the 'business case' from the purchasing organisation's perspective, providing an insight to the key issues that drive some large construction companies to manage diversity in their supplier base – these are examined through the lens of corporate social responsibility. The study also identifies some impediments that exist to the formation of buyer/minority supplier relationships, which the researcher suggests are useful areas of information for those companies seeking to implement effective supplier diversity initiatives.

INTRODUCTION

Are large companies in the construction housing industry pursuing

supplier diversity initiatives? If so, why are they doing so?

What are the pressures driving their activities in this arena? How are they
seeking to achieve this? How successful have they been in doing so?

What are their results? Are there any barriers they encounter when trying
to achieve greater diversity in their supply chain? What is the experience of
minority businesses competing for public/private sector construction/maintenance
contracts and their views on the associated equal opportunity issues?

The concept of supplier diversity is relatively new in the UK compared with the US where it has been firmly embedded in the strategic operations of both public and private sector corporate organisations. This would be one explanation for why studies of diversity within the supply chain are relatively limited and are almost all based on US experience with programmes aimed at sourcing from minority and/ or women-owned suppliers. Giunipero (1981), for example, examines the issue of how to develop effective minority purchasing programmes and points to a positive correlation between firm size and supplier diversity activity. Pearson *et al* (1993) similarly focus on the challenges and approaches to purchasing from minority-owned firms and identify areas where substantial disagreement exists between corporate customers and minority suppliers over the major impediments that affect the buyer/supplier relationship. On a more positive note, Carter *et al* (1999) have investigated the key factors in successful minority business sourcing initiatives by US corporations and have argued that purchasing managers are increasingly coming to accept that such programmes can have

positive spin-offs that go beyond just window dressing for public relations purposes.

In the UK context the issue of supplier diversity, as yet, has attracted very little academic attention, a recent study by Ram and Smallbone (2003) being a notable exception. But this may be about to change. The increase here in membership of supplier diversity initiatives suggests that the concept is spreading.

Corporate social responsibility (CSR) is helping to drive this trend. Companies aspiring to demonstrate responsible business practices are attracted by supplier diversity as a tool for social inclusion. In essence, the basic idea of supplier diversity initiatives is to offer under-represented businesses the same opportunities to compete for the supply of quality goods and services as other qualified suppliers.

Supplier Diversity in the Construction Industry

There is a huge skills shortage predicted within the construction industry (Watson, 1999; Dainty *et al.*, 2004; 2005). This inevitably leaves the procuring construction firms in a position where they are very receptive to dealing with small to medium sized enterprises (SMEs) that can provide the necessary services required within their supply chain. Despite this skills shortage however, the construction industry continues to be ostracised for having an extremely poor diversity record (UMIST, 2005).

To date, much of the research undertaken in this field has been largely related to workforce diversity in the construction industry, with relatively little attention paid to diversity in the supply chain. What does exist however, states that minority businesses do face barriers and this prohibits their ability to access mainstream supply chains (Dainty *et al.*, 2005; Davey *et al.*, 1998; Harrison and Davies, 1995; Sodhi and Steele, 2002; Steel and Sodhi, 2004).

During Document One, I made a case for why examining the business case for supplier diversity in the construction housing industry would be useful, and suggested the research will benefit the majority of stakeholders illustrated in the 'Stakeholder Maps' (see Appendix A), which include:

➢ Government bodies seeking to correct for specific market failures with regards to under-represented groups in the SME sector. More specifically to this industry, such bodies would include organisations like the Housing Corporation. The Housing Corporation is a statutory body which regulates and invests in housing associations – or registered social landlords (RSLs) as they are legally known.

➢ Procurement professionals in the construction industry seeking to achieve greater diversity in their supply chain.

➢ Minority businesses in the construction housing industry would benefit from the learning outcomes.

➢ As there has been no study to date specifically addressing the business case for supplier diversity in the construction housing industry from a corporate social responsibility perspective, the researcher may be adding to current knowledge.

➢ The findings of the research may help to shape policy in this industry.

This paper reports on the first stage of research undertaken, to explore whether there is a business case for procurement professionals to manage diversity in their supplier base. The paper also aims to identify any impediments that may exist that affect the formation of buyer/minority supplier relationship. It considers the experiences of large construction companies operating in the public and private sector that may/may not be involved in initiatives aimed at increasing diversity in their supplier base, and the experiences of minority businesses competing for public/private sector contracts.

Research Questions

Of the various objectives highlighted in Document One, my specific research questions for this particular research study are to explore:

➢ What is the corporate organisation's perspective (if any) on managing diversity at supplier level in the construction housing industry – do they have a business case?

➢ What is the experience of minority businesses in competing for public/private sector construction/maintenance contracts?

CONTEXT

The UK construction industry consists of over 250,000 firms employing 2.1 million people in a multitude of roles. The sector is defined as *'one which embraces the construction materials and products; suppliers and producers; building services manufacturers, providers and installers; contractors, sub-contractors, professionals, advisors and construction clients and those organisations that are relevant to the design, build, operation and refurbishment of buildings'* (DTI, 2007). The UK construction output is the second largest in the EU and contributes 8.2% of the nations GVA (Gross Value Added). UK designers, civil engineers, contractors, component & product manufacturers have a worldwide reputation for working overseas, providing high-tech solutions to environmental, transport & building projects (DTI, 2007).

Despite efforts in the UK construction housing industry by: government bodies (which include The Housing Corporation, the Commission for Racial Equality, and the Office of the Deputy Prime Minister), housing associations, large construction companies, and minority owned businesses, to promote buyer/supplier relationships, the approaches and challenges involved in these relationships continue to be misunderstood by the majority of these constituents. Perceptions regarding these relationships vary greatly, especially between procurement professionals and minority businesses.

It is common knowledge that there is a huge skills shortage within the construction industry with predictions that 350,000 people will be needed over the next five years to satisfy demand (Watson, 1999; Dainty *et al.*, 2004; 2005). This inevitably leaves the procuring construction firms in a position where they are very receptive to, and do, deal with small to medium sized enterprises (SMEs) that can provide the necessary services required within their supply chain. Despite this skills shortage however, the construction industry continues to be criticised for having an extremely poor diversity record (Agapiou and Dainty, 2003; Dainty *et al.*, 2004; UMIST, 2004; Caplan and Gilham, 2005; Graft-Johnson *et al.*, 2005; Newton and Ormerod, 2005; Steele and Todd, 2005).

Anecdotal evidence would suggest that from the construction firm's point of view, there are no real barriers for willing and able minority businesses wishing to engage in their supply chain. There also seems to be a perception amongst large construction firms that the numbers of minority businesses operating in the construction industry are very low. This may certainly be the case with the latest statistics published by the (CITB, 2004) highlighting that:

➢ Only 3% of sole traders in UK construction are non-white ethnic minorities.
➢ A mere 1% of sole traders in UK construction are women.

For minority businesses however, the perception is somewhat different where barriers to mainstream supply chain are perceived to exist (Harrison and Davies, 1995; Sodhi and Steele, 2002 and 2004; Steele and Todd, 2005).

So why is there a difference in perception? One could say this is possibly an example of 'market failure' – the kind of market failure that the government is seeking to correct in its action plan for SMEs (SBS, 2003). Johnson (2005) provides a critical assessment for the state to intervene in the economy in favour of specific groups of individuals, namely SMEs, their owners/managers and possibly people who aspire to become SME owner/managers, and states that the primary focus is upon the 'market failure' framework that dominates the thinking of the current UK government, but also that of the European Union and many other governments throughout the world:

Put simply, the idea is that the only legitimate justification for governments to intervene in the economy (and thereby directly or indirectly spend taxpayers' money) comes about in cases where the operation of the free market process does not result in the most efficient possible allocation of resource.

Johnson 2005:2

Why Assess the Business Case for Supplier Diversity in the UK Construction Industry?

The Construction industry is Britain's biggest industry employing more people and generating more output than any other sector (CITB, 2005) yet is renowned for its poor reputation for diversity (UMIST, 2004). A report commissioned by the Construction Industry Training Board (CITB) on the under-representation of ethnic minorities in the industry found that less than 3% of the

industry was Black or Asian but the national average was 6.4% (of working age); 10.1% of the construction industry workforce are women – a very low representation; two-fifths (39%) of ethnic minority construction employees had experienced racist remarks, and although 97% of firms had an equal opportunities policy only 50% checked to see if it was working (Sodhi and Steele, 2002).

The industry is generally driven by single and unique projects, each creating and disbanding project teams made up of varying combinations of large and small firms from across the supply chain perspective. The scale of small firm activity in this collage of disjointed projects is considerable, with, in 1999, 99% of UK constructions firms having 1-59 staff delivering some 52% of the industry's workload (Sexton and Barrett, 2003).

If the potential economic and social benefits of enterprise are to be fully realised, it is vital that all individuals in society have equal opportunities to contribute to and gain from the benefits of a strong small business sector. It is widely accepted, however, that without at least some intervention, the market cannot always be relied upon to deliver the most efficient, or socially desirable outcomes (SBS, 2003).

A preliminary literature review carried out during Document One revealed that to date, there is a dearth of research investigating diversity in the construction industry, but the majority of this material relates to strategies to achieve workforce diversity, for example see (Davey *et al*., 1998; Agapiou and Dainty, 2003; Dainty *et al*., 2004; UMIST, 2004). Other studies have revealed that the industry more generally has failed to be inclusive and diversify its workforce (for example see Caplan and Gilham, 2005; Graft-Johnson *et al*., 2005; Newton and Ormerod, 2005).

In comparison, there is relatively little literature on the issue of supplier diversity within the industry. What does exist applies more to the employment of minority suppliers in the public sector – here, barriers have been found to exist for minority businesses seeking to trade with housing associations.

Housing associations are the main providers of social housing within the UK and a major force in area regeneration initiatives (Steele and Sodhi, 2004). Increasing importance has been placed on the role of housing associations to promote equality and social inclusion and this is clear from the Housing Corporations BME Housing Policy (Housing Corporation, 2005). In the last few years there has been a plethora of good practice reports published offering guidance to public sector organisations on how to address race equality issues in their business procurement practices (Eagon, 1998; CRE, 2003 and 2005; Michaelis *et al*., 2003; ODPM, 2003). Despite this however, housing associations continue to appear under the spotlight for their inadequate action in complying with the statutory duty in relation to their contracting powers (Sodhi and Steele, 2002).

Previous research such as Harrison and Davies (1995), has uncovered that only a small share of the economic benefits arising from housing association urban investment is finding its way to minority ethnic communities in the form of building work commissioned from ethnic-run firms. The implication here is that a significant form of public investment is failing to secure what might be thought of as value for money, in terms of facilitating inner city community economic development. At the same time it would seem that ethnic minority run firms are finding difficulties in entering an important competitive market for their services, where housing association dependence on well-established contacts with white-run firms could constitute an indirectly racist practice.

The size and resources of the minority firm, coupled with housing associations' procedures, bureaucracy, and the lack of external monitoring, are

further barriers that have been identified (Sodhi and Steele, 2002). Few housing associations have recognised the potential of their purchasing power in terms of investment in construction and maintenance work in promoting equality or the business benefits of doing so. There is a general lack of appreciation among housing associations of the importance of employing minority contractors and consultants from both an equal opportunity and a business perspective (Steele and Sodhi, 2004).

The commitment of social housing agencies to equality of opportunity will be crucial to the success of the minority business sector (Steele and Todd, 2005). In view of the Race Relations (Amendment) Act 2000 and government guidance on equal opportunities, the housing association sector has still to fully recognise its influential role in this area.

In light of these findings, I suggested that an assessment of the business case for supplier diversity may assist key stakeholders in the construction industry to implement measures that may help improve its diversity record in relation to suppliers.

Conceptual Framework

The literature review carried out for Document Two allowed me to further develop the proposed area of research highlighted in Document One, and provide more focus through the development of a conceptual framework through which the business case for supplier diversity could be examined.

Furthermore, the literature review also helped me to shape the questions I would use when carrying out the fieldwork for this study. There were themes and key areas of discussion that emerged through the findings of the literature review,

and I was keen to examine these from the perspectives held by organisations operating in the construction industry.

The key themes emerging from the literature review that have helped shape the conceptual framework for this study, and therefore will subsequently be used to analyse the findings are as follows:

> *Strategic Corporate Social Responsibility (CSR)* - why is corporate social responsibility a concern for large construction companies? What do they understand by the term corporate social responsibility? Is there evidence of strategic CSR in relation to managing diverse suppliers? If so, what are the benefits of strategic CSR in this arena for construction companies? Is there a business case for these companies practising socially responsible behaviour, and if so what is it?

> *Strategic Stakeholder Management* – Are there any sources of stakeholder pressure for large construction companies to embrace supplier diversity? If so, what are the pressures? What benefits, if any, do large construction companies gain through responding to such stakeholders?

> *Diversity Management* – What do senior managers of large construction companies understand by the term 'diversity management'? Do they have a business case for managing diversity? If so, what is the case? What, if any, are the barriers to them managing diversity in their supplier base?

> *Impediments to buyer/minority supplier relationships* – what is the perspective of both buyers for large construction companies and minority business owners, on the impediments (if any) to the formation of successful buyer/minority supplier relationships? How do large construction companies and minority business owners think these hurdles can be overcome?

The key concepts I will be drawing on are:

- ➢ Stakeholder Management
- ➢ Strategic Corporate Social Responsibility
- ➢ Diversity Management
- ➢ The Ethical Supply Chain

I have moved on since the writing of Document Two and realised that the concept of the 'ethical supply chain' fits well within the scope of this study and therefore have added this to the conceptual framework. The notion of the ethical supply chain has been an important issue to emerge within the burgeoning literature on business ethics and corporate social responsibility. In particular, the question of how far and in what ways organisations can demonstrate their social, ethical and environmental credentials through their sourcing decisions has formed the focus of much debate (see e.g. Drumwright: 1994; Carter *et al*: 1999; Roberts:2003). Concepts of ethical sourcing and the socially responsible management of the supply chain can be examined at a variety of levels and cover a wide range of ethical issues from environmental impact, human rights and quality of life to safety, diversity and corporate philanthropy (Carter and Jennings: 2000).

Central to each of the above mentioned concepts forming the focus of this study, is the notion of supplier diversity. Figure One illustrates the conceptual framework for this research study, with the lines highlighting the linkages between the different concepts.

Figure 1: Conceptual Framework

Supplier diversity

as an example of

Supplier

diversity as an example

of

The Business

Case For

_____
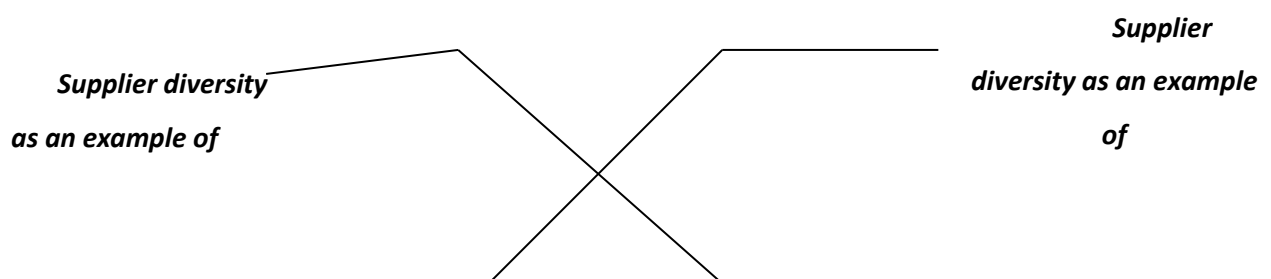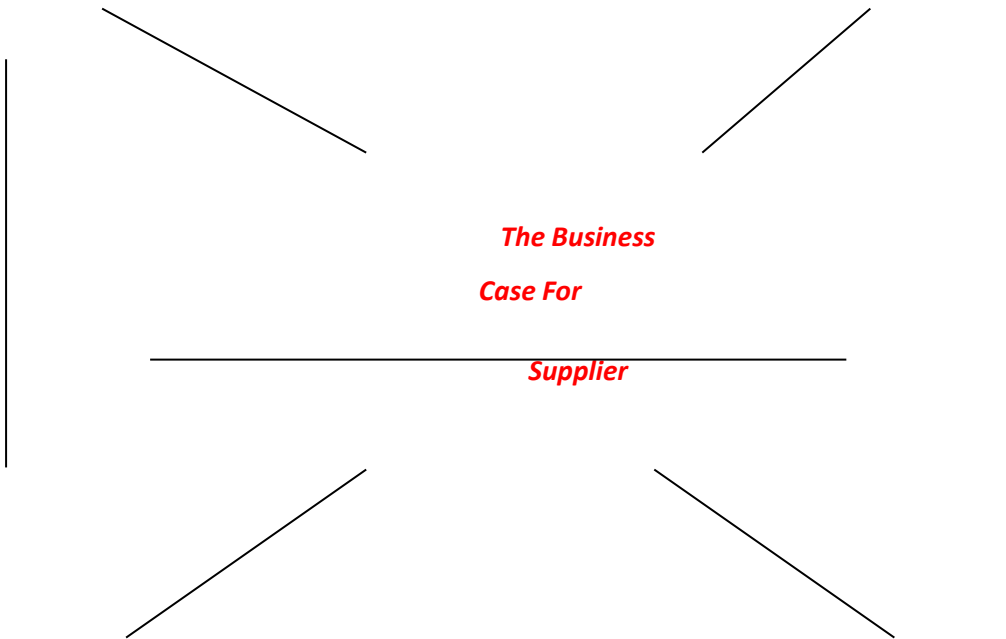
Supplier

Supplier
diversity as an
example of the

_____

Supplier
diversity as an
example of

METHODOLOGY

'There are probably rules for writing the persuasive,

memorable and publishable article, but rest assured, no one knows what they are'.

<div align="right">Van Maanen (1998:xxv)</div>

Being keen to submit a qualitative manuscript that has a strengthened foundation, and reading through the dearth of literature available on how to achieve this, I found the caveat cited above somewhat comforting and I should confess rather amusing. But on a serious note, the importance of selecting the most suitable methodology to answering the research questions for this paper cannot be understated. Here, I provide an outline of the methodology adopted and a discussion of the key issues that required consideration.

The Inquirer's World View

Within the qualitative field the inquirer's belief system or world view is recognised as an important influence upon the research, intrinsically linked to ontological, epistemological and methodological assumptions (Skinner *et al*. 2000:166).

Questions of social ontology are concerned with the nature of social entities. The central point of orientation here is the question of whether social entities can and should be considered objective entities that have a reality external to social actors, or whether they can and should be considered social constructions built up from the perceptions and actions of social actors – positions frequently referred to respectively as *objectivism* and *constructionism* (Bryman & Bell, 2003). Within this study, the ontological position I have adopted is that of constructionism – I am seeking to understand the social phenomena and their meanings that are continually being accomplished by social actors within the construction housing industry.

I recognise that my biography will have implications for the findings and analysis of this study i.e. the notion that researchers' own accounts of the social world are constructions. In other words, the researcher always presents a specific version of social reality, rather than one that can be regarded as definitive – this is something that I emphasise within this paper as without it, I believe the foundation of this manuscript would be weakened and consequently would affect the validity of what is presented.

An epistemological issue concerns the question of what is (or should be) regarded as acceptable knowledge in a discipline. A particularly central issue in this context is whether the social world can and should be studied according to the same principles, procedures and ethos as the natural sciences – a *positivist* epistemological position, or should the social world be studied according to the principles of *interpretivism* – a contrasting epistemology to positivism where writers share the view that the subject matter of the social sciences – people and their institutions – is fundamentally different from that of the natural sciences. The study of the natural world therefore requires a different logic of research procedure, one that reflects the distinctiveness of humans as against the natural order (Bryman and Bell 2003).

The requirements for Document Three require that an interpretive approach is adopted, so one could argue that by default my epistemological position has already been decided for me. However, it would be unfair of me to say that because the reality is, that if I were asked to comment on my epistemological position here I would say that employing an interpretive approach to my research would best serve the aims of the research questions. The reason being, that given the exploratory nature of this research, specific hypothesis were not considered appropriate. The idea of talking to individuals to understand their "real world" through methods that produce qualitative data, are far more likely to meet the aims of this particular study.

According to Leminger (1985), quantitative research methods make an epistemological assumption that the social world lends itself to objective forms of measurement. Such stripping of data from their natural context poses questions about the reliability of findings, since random or accidental events are assumed not to happen. In contrast, a qualitative approach will allow me to understand human behaviour from the actor's own frame of reference (Cooke and Reichardt 1979). As suggested by Eisenhardt (!989), the cases for this research were chosen for theoretical rather than statistical generalisability in order to aid theory development.

What is Qualitative Research?

It is appropriate here to understand exactly what is meant by the term 'qualitative research?' Many definitions for qualitative research have been offered by the academic world. To provide a flavour of some of the definitions floating around, I've selected a snapshot of a few examples put forward by researchers:

'Qualitative research focuses on people's experiences and the meanings

they place on the events, processes and structures of their normal

social setting. Such research may involve prolonged or intense

contact with people and groups in their everyday situations. This provides

an holistic view, through the participants own words and perceptions, of how

they understand, account for and act within these situations'.

Miles and Huberman (1994: 21).

'Qualitative research is multi-method research that uses an

interpretive, naturalistic approach to its subject matter…it emphasises

qualities of entities – the processes and meanings that occur naturally.

Qualitative research often studies phenomena in the environments in

which they naturally occur and uses social actors' meanings to

understand the phenomena…it addresses questions about how social

experience is created and given meaning and produces representations

of the world that make the world visible'.

Denzin and Lincoln (2000: 3 – 8)

'Qualitative methods seek to examine phenomena in context,

generating theory from the actor's perspective, and accepts and

even encourages study designs where the researcher and subject

are part of a two-way process in which understanding

develops in the development of theory'.

Corner (1991:719)

'Qualitative researchers prefer to gather qualitative data that are

naturally occurring, to explore meanings rather than behaviours, to reject

the natural science model, and to craft studies that are inductive and

hypothesis generating rather than ones that involve hypothesis testing'.

Silverman (2000:8)

'Qualitative research advocates a human-centred approach, where

researchers seek to understand how individuals make sense of the world

around them by asking people, directly, what they think is important

about the topic or issue under study. In this context, knowledge is

socially constructed and inextricably linked to individuals' backgrounds,

personal histories, cultural place, and other contextual elements

that define the human condition'.

Palys (1997:22)

'Qualitative approaches are used to describe phenomena about

*which little is known, to capture meaning (in the form of individuals'
thoughts,*

feelings, behaviours, etc) instead of number, and to describe

processes rather than outcomes'.

Mayan (2001: 5–6)

In short, when striving to derive a simple explanation of exactly what is understood and broadly accepted by academics with regards to what qualitative research actually means, the key components that the definitions cited above (as well as the numerous other definitions not cited) carry are the terms: *meanings* and *experiences*. In broad, within this paper I'm seeking to understand precisely that i.e. the meanings the actors (interviewees) place, and their experiences of events, processes and structures. I'm seeking to understand through *their own words* and *perceptions*, of *how they understand* "real life". This is why it is extremely important when carrying out this type of research not only to provide the reader with an insight into the biography of the interviewer, but also to provide an insight into the interviewee's biography, as our own experiences and interests and the meanings we attach to things will shape what we choose to talk about, how we choose to interpret them, and so forth. Later, in the 'Findings' and 'Analysis'

sections I provide further details of the biographies of the actors at play within the scope of this particular piece of research study.

The Methodological Importance Of Theory – Why adopt an Interpretive approach?

Gephart (2004:457) advises that the relationship between theory and methodology is important. Researchers need to use methodologies that are consistent with the assumptions and aims of the theoretical view being expressed. It is important at this juncture, to highlight why I have adopted interpretative methodology.

By adopting an interpretive perspective as the focus of this research, my goal here is to seek to understand the actual production of meanings and concepts used by social actors in real settings. A relativist stance is adopted such that diverse meanings are assumed to exist and to influence how people understand and respond to the objective world. Interpretive research thus allows me to describe how different meanings held by different persons produce a sense of truth, particularly in the face of competing definitions of reality.

The aim of exploring both the experience of large construction firms who may/may not be concerned with managing diversity in their supplier base, and the experience of minority businesses competing for contracts from these companies, together with my desire to understand the complexity of the issues, meant a qualitative approach to this research was most appropriate. As Skinner *et al*. (2000:163) state, many of the issues that managers investigate are complex, messy, and involve a range of stakeholders with different concerns and perceptions – this would certainly be true for this particular piece of research. These are circumstances in which qualitative research could offer richness and depth of understanding unlikely to be achieved with quantitative approaches.

The Benefits of Qualitative Research

A wide variety of authors have highlighted the considerable contribution that qualitative research can make to the field, suggesting that research utilising qualitative techniques can provide rich insights into the issues that interest both management practitioners and researchers (Boje, 2001; Crompton and Jones, 1988; Prasad and Prasad, 2002; Reason and Rowan, 1981; Van Maanen, 1979).

Various scholars have also argued for the benefits of qualitative research over quantitative research. Burns and Grove (1987) summarise the differences between the two approaches (see Table 1) and label the two approaches 'hard' and 'soft' science. Corner (1991) argues that the labelling of the two approaches in this way seems to perpetuate the notion that analysis by numbers is of a superior quality to analysis with words. Leminger (1985) argues this point further and suggests that methods other than those which reduce people to measurable objects independent of their historical, cultural and social contexts, are required. Qualitative approaches are seen to offer a solution to this problem since such research does not seek to control or manipulate individuals or groups of people. Naturalistic and familiar data are valued and sought, in order to gain understanding of people.

Table 1

Quantitative and qualitative Research Characteristics

(Burns and Grove 1987)

Quantitative Research	*Qualitative Research*
Hard science	Soft science
Focus concise and narrow	Focus complex and hard
Reductionistic	Holistic
Objective	Subjective

inductive	Reasoning logic, deductive	Reasoning dialectic,
meaning,	Basis of knowing cause	Basis of knowing
	And effect relationships	discovery
	Tests theory	Develops theory
	Control	Shared interpretation
	Instruments	Communication and
		Observation
analysis	Basic elements of analysis	Basic element of
	numbers	words
	Statistical analysis	Individual interpretation
	Generalisation	Uniqueness

Gephart (2004:455) emphasises some of the benefits of employing qualitative research, which include the following:

➢ Qualitative research can provide thick, detailed descriptions of actual actions in real-life contexts that recover and preserve the actual meanings that actors ascribe to these actions and settings. Qualitative research can thus provide bases for understanding social processes that underlie management.

➢ Qualitative research can provide memorable examples of important management issues and concepts that enrich the field.

➢ Qualitative research has potential to re-humanise research and theory by highlighting the human interactions and meanings that underlie phenomena and relationships among variables that are often addressed in the field.

Lincoln and Guba (1985: 301–328) comment that qualitative research has its own, separate hallmarks of rigour, which they termed credibility, transferability, dependability and confirmability. These criteria are no less rigorous than those used to assess the trustworthiness of quantitative data, they are simply different, and require different steps and measures to ensure quality data.

Wright (1996) argues that qualitative research is effective due to its flexibility and disciplined approach, highlighting the fact that it allows access to and generates discussion with key decision makers in organisations and with industry leaders. This is most certainly why this research approach is suited to answering the research questions presented in this study – in highly competitive markets companies are often reluctant to disclose information which is regarded as sensitive and pertaining directly to their organisations (Crimp and Wright, 1995). Also, as stated by Corner (1991), qualitative research can be used to facilitate quantitative research by acting as a precursor, highlighting important aspects for a later survey – in this case, Document Four. As Silverman (2000) notes, qualitative research is:

'…*often treated as a relatively minor methodology it is suggested that it*

should only be contemplated at early or "exploratory" stages of a study. Viewed from this perspective, qualitative research can be use to familiarise oneself with a setting before the serious sampling and counting begins.'

Silverman (2000:9)

Criticisms of Qualitative Research

'...The qualitative naturalistic inquirer soon becomes accustomed to

hearing charges that naturalistic studies are undisciplined; that he or

she is guilty of "sloppy" research, engaging in "merely subjective"
observations, responding indiscriminately to the "loudest bangs or brightest
lights."

Rigour, it is asserted, is not the hallmark of naturalism'.

Lincoln and Guba (1985: 17)

As well as highlighting the benefits of qualitative research, a segment of the academic community have also criticised this approach for its limitations. Goodyear (1990) for example, emphasises characteristics such as lack of scientific rigour, small samples, subjective and non-replicable efforts, in arguing his point. Given (2006) also acknowledges that qualitative research often comes under fire for its use of small sample sizes or methods, that on the surface, appear to gather "anecdotal" or "biased" data – charges that imply sloppy design and research results that are of little value to practice. Given (2006) also points out however, that qualitative research does acknowledge bias and embraces it as part of the investigation, rather than pretending that bias does not exist or can simply be overcome with "better" research design. Silverman (2000) makes a further point and notes that questions are often posed about qualitative research study's

reliability or validity when these quantitative measures of rigor are simply inappropriate for judging qualitative research.

What interpretive approach am I using?

I decided that by undertaking exploratory in-depth field interviews as a first stage, this would enable me to identify and understand the key issues (Yin, 2003), and therefore this paper would act as a pre-cursor feeding the development of a quantitative piece of research for Document Four.

METHODS

Interviews

An in-depth field interview method was used to explore the experiences of both directors in charge of procurement for large construction companies and minority businesses working as sub-contractors to this industry. In-depth interviewing is an expensive and time-consuming data collection technique relative to the quantitative methodologies (Tuten and Urban, 2001). However, the use of in-depth interviews was considered an appropriate methodological vehicle given the goal of obtaining richness in data through a detailed discussion with the interviewees (Palmerino, 1999; O'Donnell and Cummins, 1999). The intentions of the in-depth interviews was to get inside their head and "enter into the respondents' perspectives" to find out their feelings, memories and interpretations that cannot be observed in other ways (Carson *et al*. 2001; Patton, 1990). As Siedman (1998) notes, the purpose of interviews is to understand individuals'

experiences, the meanings they make of those experiences, and to put their behaviours in context in order to understand the actions they undertake.

Identifying the Respondents

Access to and choosing respondents was an important area of concern. Given (2006) advises that the sample size used in qualitative research must be manageable to accommodate financial costs as well as the time involved in gathering and analysing data. Given that the timescales for this study would not be sufficient to allow for a large-scale study to take place, I was keen to ensure that those respondents that I did interview are as senior as possible within their respective organisations – the rationale here was that although I cannot achieve quantity in terms of respondent feedback, I am able to achieve quality in terms of the positions they hold.

I already had access to contact information for two senior directors (who are in charge of procurement) working for large construction companies and around seven minority businesses operating in this industry, that I had met at a construction conference a year ago. So, I decided that it would be best to target contacting the two directors for the major construction companies and seek another two directors from other major construction companies so that I have four respondents working at a senior level to interview from the buyer's perspective.

I was keen to achieve an equal balance if possible in terms of mix of companies operating in the public and private sector, as there may be differences in the findings for each sector. The two directors whose details I already had were major companies operating in the public sector. So, my desire was to find another two companies operating in the private sector. I recalled that one of my friends had mentioned he had some contacts. So I spoke with him and he asked me to send him an email which he would forward to his contacts. I followed this through but unfortunately, nothing flourished through this avenue.

This left me with one other possible avenue I could pursue. A couple of years ago my friends introduced me to a gentleman who works as a financial director for one of the UK's leading house builders in the private sector (they were effectively trying to organise a blind date!). I still had his phone number, so I decided to be brave and give him a call to ask if there was any way he could put me in touch with the relevant contact within his organisation for interviewing….he agreed and emailed me details. The downside of this approach was that I promised to meet him for a drink as a way of saying thank you (the extremes one has to go to as part of the DBA!).

Making the first contact

Having identified the key informants that I thought would add value to this study, I became very anxious during this stage of the research process. I started to think about a lot of 'what ifs' – what if they don't have time for me?, what if they think the interview is a load of rubbish and adds no value to their day…I'm going to look really stupid? What if I don't have enough time to ask all the questions I have compiled? What if I do not manage to gather sufficient data to write this document? If ever there was a time where I could feel my first grey hair emerging, this was it!

Having talked myself in to a state of confidence, I contacted the respondents by email and phone to assure them of anonymity and confidentiality and to ensure that the directors fully understood the purpose of the study. Then a request was made for two hours of their time. To my delight, all three directors working for the major construction companies, and three out of the seven minority businesses, agreed to be interviewed.

Conducting the Interviews

Six in-depth interviews were conducted: three interviews with senior directors representing large construction companies (referred to as: CC1, CC2, CC3) where I explored their experiences of managing diversity in their supplier base, and three interviews with minority business owners (referred to as: MB1, MB2, MB3) working as sub-contractors in this industry, where I explored their experiences of competing for contracts with large construction companies.

The six individuals and the companies they represent have been given a different name, for reasons of confidentiality, and are referred to as follows within this document:

1. Michael, Commercial Director for CC1.
2. Luke, Regional Director for CC2.
3. Frank, Head of Procurement for CC3.
4. Amarjit, Managing Director for MB1.
5. Harry, Director for MB2.
6. Eddie, Director for MB3.

Two different sets of questionnaires were used: one for the directors of the large construction companies (see Appendix B) and one for the minority businesses owners (see Appendix C). The questionnaires shown in appendix A and B highlight text in red after each question – this is to explain what I was seeking to learn in relation to the findings of the literature review through asking these questions, and the headings under which I would carry out subsequent analysis. The questionnaires consisted of several loosely structured interview questions that served as a means of gently probing for information about the research questions and objectives. The questionnaire was tested in a pilot study that was not included in the sample. The use of a pilot study is recommended because it allows a researcher an opportunity to review and revise a research instrument (Eisenhardt, 1989; Parkhe, 1993). Although no significant modifications were made to the questionnaires, the pilot study did allow for minor

corrections and refinements to some of the interview questions. Moreover, the pilot study is not a pre-test of a questionnaire, but is more like a full "dress rehearsal" that may assist a researcher in developing a relevant line of questioning (Yin, 2003:74).

The interview started with a general introduction to make the respondents aware of the purpose of the interview and discussion agenda given in the interview protocol. This was followed by non-directive and more general questions. Then the formal interview started with a "grand tour" question to focus on the domain of the study. Then the interview became more structured when specific questions given in the interview protocol were asked. During this formal phase of the interview the respondents were asked a series of probing questions to elicit a greater elaboration of the key issues (MkCracken, 1988; Ulaga, 2003).

Although the interviews were conducted using an interview protocol, respondents were allowed to expand, illustrate and digress. As suggested by Carson *et al*. (2001), questions were not asked in the order they were given in interview protocol, instead the sequence of questioning was based on the interviewees' responses. This procedure was followed to avoid imposing the logic of an a priori framework on the respondents. That is, the respondents were allowed to cover in their own words the areas they thought critical and important (Kvale, 1983). The new issues or topics that emerged were also further explored by probe questions. All the interviews were audio recorded and detailed notes were taken. Each interview lasted about two hours. All the interviews were conducted at the organisations' premises at the scheduled date and time.

Data Analysis and Quality Criteria

The prescriptions of Yin (1994) and Eisenhardt (1989) were followed in both design and subsequent analysis. Yin (2003) outlines six primary sources of evidence: documents, archival records, interviews, direct observation, participant observation, and physical artefacts. For the purpose of this research three major sources of evidence are used:

1. interviews;
2. documents; and
3. direct observation;

The use of multiple sources of evidence assists in achieving construct validity in qualitative research (Yin, 1994). Therefore, during the interviews respondents were asked if they could provide documents and statements relating to their policies and procedures. Such documents included, company brochures, policy statements, information leaflets, etc. Following a procedure similar to that used by Boersma *et al*. (2003) public information such as annual reports, press releases and information from the firms' web pages were also consulted extensively. Essentially, this reliance on multiple data sources meant that managers' responses could be crosschecked and any conflicting or inconsistent findings resolved.

Presenting and Analysing Case Study Evidence

'Analysing case study evidence is especially difficult

because the strategies and techniques have not been well defined.'

Yin (2003:109)

Interviews were audio taped and transcribed for analysis. Appendix D and Appendix E provides two examples out of the six transcripts created following the interviews: a transcript relating to one of the interviews held with a major construction company, and a transcript relating to an interview with a minority business owner.

An important aspect of case research is the use of multiple sources of evidence to converge on the same findings. Multiple sources help reduce the problems associated with respondent bias or poor recall/articulation through the personal interview process. The multiple source approach also allows for consideration of a broader range of issues and within-method triangulation (Bonoma, 1985; Yin, 1994). These procedures, in turn, strengthen the grounding of the theory, produce more accurate results and enhance construct validity (Eisenhardt, 1989). According to both Yin (1994) an Eisenhardt ((1989), the development of a concise description enhances the researcher's familiarity with the case data. and aids preliminary theory development. According to Patton (2002), immersing oneself in the details of the case studies enables the discovery of important themes and interrelationships. Descriptions that are accurate, detailed and objective allow the theory to emerge naturally before links are made to extant literature.

Yin (2003) advises that every case study should strive to have a general analytical strategy, defining priorities for what to analyse and why. My general analytic strategy was to develop a descriptive framework for organising the case study. Without such a strategy, the case study analysis would have proceeded with difficulty.

To aid subsequent comparisons of findings to the literature and to facilitate the cross case analysis, the case accounts were arranged around the topics highlighted from the literature as antecedents of collaboration. The following two different sets of major headings were used consistently to write up each case:

Headings used to write up the interviews with the large construction companies:

➢ The Company
➢ Interviewee's biography
➢ Procurement and Corporate Social Responsibility
➢ Procurement and Diversity Management
➢ Impediments to Successful Buyer/Minority Supplier Relationships
➢ Outcomes and Lessons

Headings used to write up the interviews with the large construction companies:

➢ The Company
➢ Experience of Supplying to Large Organisations
➢ Impediments to Supplying Large Organisations
➢ Measures to Overcome Impediments

Construct Validity

'A major way of improving the quality of case studies

and ensuring their construct validity is to have the draft cases reviewed

135

by those who have been the subjects of study'.

<div align="right">Yin (2003:160)</div>

After preparing the single case summaries in line with the recommendations of Yin (2003), the case studies were emailed to the subjects of the study for approval to check that they agree with my interpretation of what they said. Cross case analysis was then undertaken. According to Miles and Huberman (1994), cross case analysis enhances our ability to understand, explain and thereby draw out valid generalisations. It allows for greater explanations of circumstances where certain observations are or are not likely to be present.

The major themes discovered through cross-case analysis were then compared with both similar and conflicting literature in an attempt to build theoretical consistency. Eisenhardt (1989) refers to this stage as "enfolding literature". This process helps to build internal validity and shape the theoretical contribution of the findings. Thus, the cross-case analysis in this study fulfils the important role of furthering understanding.

On Reflection – Following Fieldwork

On reflection, although it was my intention to take a case study approach to this study, having conducted the fieldwork, I now realise that what I am about to present in the 'Findings' section of this paper are not true case studies – they are in-depth interviews. For these summaries to qualify as true case studies, I think other sources of information could have been explored more intensely.

<div align="center">**FINDINGS**</div>

CASE STUDY 1

Interview with Commercial Director for CC1

The Company

CC1 specialises in the refurbishment and construction of public sector housing throughout the North East, Yorkshire, Humberside and the Midlands areas of the UK. Part of a large plc which in 2005 achieved £335m in turnover, CC1 is a leader in community regeneration in the North of England. CC1 regularly achieves preferred partner status among local authorities, housing associations and other registered social landlords and is widely respected for offering outstanding products and services.

The government's 'Decent Homes 2010' initiative has been a major external force impacting the business. Michael explained:

'We are involved in social regenerations, social housing and for the last four to five years now there has been a very strong government focus on bringing public sector housing up to a decent standard. That decent standard essentially means that it has got to match with a number of different criteria but those criteria generally speaking are good quality kitchens, good quality bathrooms, heating systems and an electrical systems which is compliant with the current regulations and are safe and obviously it needs to be water tight and obviously the insulation properties of the property need to be there or thereabouts, but that is a sort of five point plan on what we need to achieve for Decent Homes, why these things need to be done but there needs to enough ticks in boxes to make sure that home is classified as decent'.

Interviewee's biography

Michael is the Commercial Director for CC1. When asked about his background and responsibilities, Michael told me:

'I've been with the company for some eighteen years now. I started off as a quantity surveyor, and worked my way up. My current role within the company is to manage and to lead the commercial department within CC1 and that entails the cost saving department, the buying department and the estimating department. Those three departments are responsible for the functions of procurement, making sure that we win work, the procurement through sub-trades making sure that we place our orders with the appropriate organisations albeit subcontract or material purchase and really the quality systems function is one of monitoring and reporting but also one of cash collection, profitability and making sure that we are paid for essentially what we do and what is our contractual entitlement. That's my functional role and my role as a director is to lead the organisation along with the other board of directors in terms of strategy, markets, structure and all the variety that you would expect a directorship to entail.'

Procurement and Corporate Social Responsibility

Incorporating a fully integrated corporate social responsibility strategy is becoming imperative for many businesses. At CC1, corporate social responsibility has always been on the agenda and as part of their culture and way of doing

business. With the drive from senior management throughout the group, CC1 have started to benchmark their performance against best practice in the following six key areas: community, market place, vision & values, environment, people, and health and safety.

A CSR implementation team has been established to set goals, coordinate and implement new initiatives across the business. The aim is for the CSR strategy to be totally embedded within the business, building on the current firm foundations. CC1 believe that this approach will contribute to achieving greater customer satisfaction, enhance its reputation, improve its competitiveness and strengthen its risk management.

When asked what CSR means to him, Michael explained:

'I think it's being a responsible employer but a bit broader than that and I think it is a responsible organization in the broader context of the environment and our community and doing what we believe is right for the long term future of not only ourselves and not only the industry but also the communities and the areas in which we work and obviously that covers a whole range of different aspects from environment to employment to local prosperity and the people we employ, why we employ them, etc., charitable donations, supporting areas in which we work.'

Social

CC1 recognises that its activities have a direct influence upon the communities in which it works. The company invests heavily in vocational training, employment schemes, local labour policies and strategic sub-contracting and are committed to working with and investing in local and regional businesses, small and medium sized enterprises and education centres to empower communities and raise local skills and earning potential.

Michael made a point to emphasise that CC1 are very serious about CSR, and that their CSR brochure is not just a marketing tool. He explained:

' I think, when we compare ourselves with some of our competitors I think some of the initiatives that we've currently got running and the ethos of the business generally puts us in a very strong position in terms of our corporate social responsibility and membership of MSDUK (Minority Supplier Development UK) obviously being one of those and there are numerous other initiatives we support: the outward bound charity and we were the successful award winner for the Edge Employment awards from sixteen to twenty four years olds, which doesn't necessarily just focus on our employees but it focuses on employees of our sub contractors and the well being of the young people in the areas in which we work, which I think is a strong message I think we got out to our clients and our other competitors and the community at large and we also engage with some of our employers in setting up small businesses, small joint venture businesses with the view of taking people who are currently unemployed and giving them employment and life skills and job skills to make sure that the area that we are currently working in benefits from the activity and the spend that's going off in the area. So, they're just a few samples of what we are looking at, at the moment, and what we will do in the future. And our approach I have to say is not just the marketing approach that is actually what happens on the ground. I think that a lot of our clients are impressed by the substance that is behind the marketing brochure rather than just the box ticking.'

Sustainable communities has over the years become an increasingly important topic in the construction industry and this is certainly the case for CC1. Michael explained:

'I think there is a genuine drive and certainly always has been at CC1 since I have been here and I have been here for 16 years, and that is to act in a manner which is socially responsible to act in a partnership manner and to act with a benefit of the communities in which we work. Again, I would sort of go back to where I started in terms of the market which we were work in. An awful lot

of our work is done in deprived areas particularly poorer areas, local housing estates or

they use the term sink estates and we always have the ethos and culture in the business that wherever the money is spent, wherever we deliver the work there is always a drive to make sure that when we left the place it was not just

physically better but was also economically better than when we arrived and make sure that the local pound that we spent in that local area providing skills to that particular group of people in that particular community.'

For CC1, there is a business case for being socially and environmentally responsible. Michael explained:

'I think it puts the perception in the market place that we are socially responsible and we are not the contractor that comes in from another county, another city, another town that goes in there, takes the work, take the money, brings in all our people and moves them out, but we are the sort of organization that leaves an impression on the area and leaves benefits in the area and generates wealth and prosperity as far as we can through carrying out the work, and I think that scores well, I think it's something that is discussed and debated at a higher level amongst our clients from a networking perspective and I think our message goes around and it is something that clients value and obviously that alone will never generate prosperity for CC1. I think it's just part of the package that we provide. I think internally that CSR drive does have an affect on the culture and it does have an affect on the way that people operate and the way people work even the way that people communicate and deal with each other from an employee to employee basis and I think that has a positive impact on the businesses as a whole.

A major source of stakeholder pressure in the area of procurement for CC1 has been the government drive to encourage the public sector towards a partnering approach to procurement. Michael explained:

'The initial selection criteria for sub-contractors was very much focused on a qualitative assessment and the standing of the company, the history of the company and the experience of the company with a slightly lesser bias onto the price element of the works. That was driven by a number of reports within construction industry mainly the Eagan and Latham reviews which identified that the focus of the construction industry was far too much biased towards price. So partnering became the major ethos in procurement of work and partnering was monitored by central government and various other agencies to make sure that the procurers had quality at the top of the list and not price. Now in the last year, year and a half the client base firstly seemed to get a degree of comfort that most of our competitors and obviously ourselves have reached that level of quality. So the emphasis has swung back towards price. Rightly or wrongly. In certain instances it will be right because everyone is on a level playing field delivering the right level of quality and in some other instances the swing towards the price has focused people on the wrong areas and delivery now becomes a problem.

For CC1, there was never a link between the procurement strategy and their CSR policy, until 2005 when CC1 joined MSDUK (Minority Supplier Development UK is a minority business membership organisation set up to link large purchasing organisations with minority businesses), and this is seen by CC1 as a strand of their CSR activities which helps tick the right boxes when biding for work with the public sector.

Procurement and Diversity Management

There is a dearth of literature that talks about the various definitions of 'diversity management' and this was highlighted in Document Two. However,

when asked what diversity management means to CC1, Michael looked rather confused stating:

'It is not a term that has been used very often, to be honest, so I suppose it's anything I want it to be at this stage of the day…diversity management?'

The term 'supplier diversity' however was a term that Michael was more familiar with:

'Supply diversity to me would mean the suppliers that have a minority background and in truth that is my own interpretation on it, it may be from different sections of the community and that being the minority owned businesses, disability owned business and I think that is the view that is probably held corporately as well, if someone says diversity, they'll run off in that direction, assuming that is what we are looking at.

CC1's main efforts in the area of supplier diversity have been to join MSDUK. Michael is responsible for this effort and advised that these efforts have been implemented from a strategic level, managerial level and an implementation level, but out of the three, management level is the strongest. In addition to joining MSDUK, Michael stated:

'We will attend support groups as much as anything else and forums and we have got a number of people who attend women in business and women's business in Leeds, those sorts of initiatives we will attend and support, either financially or just through attendance and input.'

There are several drivers that have led CC1 to implement supplier diversity initiatives. Michael advised:

'...one it is just right thing to do and secondly, from a marketing perspective these seem to be the right things to do. I think it is part of a bigger picture as well. There is a culture that is growing in the country that will gain momentum and it will go off in slightly different directions and may be the environmental but one that takes over in not too distant future, and that'll be on top of everyone's list and on top of one's agenda and we should get ourselves to be in forefront while in the business that we are in.'

Impediments to Successful Buyer/Minority Supplier Relationships

Michael felt that there are hurdles that exist which inhibit the formation of successful buyer/minority supplier relationships. The most significant hurdle being finding minority businesses who can handle the size of contracts offered by CC1. Michael commented:

'I think the most significant hurdle is assessing whether there is a opportunity there in the first place and so provided that there is an opportunity and the most significant hurdle that we found is probably an inexperience one and an expertise one and I will cite this as an example is not particularly true, but just to sort of try and illustrate what I'm saying...there may be minority owned business that have done a fantastic job in doing long central heating system in domestic premises and now that is fine with both scope and scale and the difficulty in managing 10 of those per week in sequence with tenants living in is something that is totally different and that is not always there. Certainly, we have not found the expertise in place to enable us to slot in any organization that can do exactly that straight away. So if we need to hit the ground running on a ten dwellings per week scheme I think we have to be fortunate to find the right business, minority owned business that could do that but there might not be many out there or may be we've just not found them at this point.

However, it was Michael's view that there are things than can be done to overcome such hurdles:

'There's always got to be a desire to enter the market in the first place and it has got to be strategically right for the supply business to be in the market.

Assuming that that decision has been made and assuming that that's where they see that their business is going. I think there's then got to be a commitment

and a drive not to see it as a one off hit. I think there is going to be a long term commitment there. We've had quite a number of different organizations that have come in, and tested the water and not fancy that very much after one indifferent experience, not necessarily bad and not really necessarily minority I think it's any new business and the constant supplies and I think if they really are serious about wanting to be successful you have to see it past the first one and you have got to get the expertise and you have to get it rolling and those are the things and then decide with us the way they want to go, rather than expertise and barriers. Barriers is probably a too emotive word they're small hurdles to get over and I think the biggest thing is that if you have a drive to do it then you can to do it and you will be helped and supported through it. If you haven't I think as an organisation we will lose interest.'

Michael's advice to minority businesses wishing to trade with CC1 was:

'Come with an open mind, but come committed to what you want to do and with a clear aim of what you want to do and certainly don't get put off by the "red tape" and why I am saying inverted commas is because there is not really that much of it and it can be sometimes can come down to 10 minutes and that is for the first time but in a pleasant afternoon you can get over most of the hurdles without too much difficulty. So certainly don't get put off by that and be prepared to take a risk. I think we are looking for all organizations to be competitive and sometimes you might just have to stick your neck out for things that you are not really comfortable with but that is business and I realize it as much as does anyone else.'

Outcomes and Lessons

Michael had some final words of advice for other major companies that may be seeking to embrace supplier diversity:

'I think for it to gain any sort of critical mass and really to get the ball

rolling it is really the more the merrier and I think that the more organizations embrace this initiative and CSR initiative, I sound like a politician or specifically an American one, the world is a better place. I think that the communities that we work in certainly would benefit in the future if we can really bring the benefits that we should be getting out of it and that applies to everyone. It applies to all competitors and applies to other businesses in our supply chain that we link up with and so I would be advising people to sign up…and I have done.'

CASE STUDY 2

Interview with Regional Director for CC2

The Company

CC2 is the UK's leading provider of affordable housing, operating from nine regional offices in England, Wales and Scotland. The company is a wholly owned subsidiary of a major plc which is one of the top twenty construction brands group. This plc has four operating divisions: affordable housing, construction, infrastructure and fit out, each undertaken by individual branded organisations. CC2 operates as the affordable housing division.

Working in partnership with housing associations and local authorities, CC2 employs more than 200 staff and specialises in mixed tenure developments operating at the cutting edge of urban regeneration to create sustainable communities. CC2 offers flexible solutions for housing including: open market

homes, design and build, refurbishment and PFI as well as their own form of low cost home ownership.

Interviewee's biography

Luke provided a brief snapshot of his background:

'I am the regional director for CC2. Born in Warsop in the West Midlands. Brought up there, standard education, comprehensive school, and then went to Aston University to do a degree, called a thin sandwich, worked in and around the Midlands and then moved down to Bristol for six years, worked for a construction company down there, moved back to Birmingham and lived there for 12 years. Travelled the world for a year and back to Birmingham for 12 years and recently moved up to Nottingham 3 and a half years ago.'

Procurement and Corporate Social Responsibility

The government's drive, following the Eagan and Latham reports, has certainly affected the way CC2 carries out its procurement activities. Luke advised:

'The key development has undoubtedly has been the move from competitive tender and cheapest is best to partnering ethos principals, Eagan and Latham report etc, which is trying to drive quality into the bids and into the selection of partners, which means that we have a different procurement route. That is one. Number two in the social housing market has been the additional funding by the central government through the ODPM (Office of the Deputy Prime Minister) firstly and now the DCLG (Department of Communities and Leisure Group) something and massive amount of money going to bring in the council housing

stock up to a decent home standard and to do that they have insisted that there has been a formation of a separate organizations for the council. So there has been a lot of money gone into that and I think more recently with development in our industry it is clear that there is a massive demand for affordable housing and social housing through rent, shared ownership and low cost affordable. Social housing has became high and higher on the government's agenda and therefore everybody else's. Lot of money can be put into that over the next number of years to try and meet that demand because, you know, it is across the country now people trying to buy affordable housing in England, in Britain, at the moment is a major issue. So we are working towards that.

For CC2, the main stakeholder pressure comes from the government:

'The main external forces impacting the business is the central government agenda for affordable housing. Central government. has had a major impact and then that is fed down through the local government so the political climate very much affects us. Equally there are many local factors as well. Obviously the local government but also the planning, there is a lot of planning and legislation around at the moment which affects the way why we work.'

CC2 do not have a corporate social responsibility as such but rather have a collection of different statements. Luke advised:

'No, I don't think we do but we do have a number of statements regarding environment, regarding our training aspirations, regarding equality and diversity statement, so not one as such but I think all of those would encompass it.'

The business case for corporate social responsibility from Luke's perspective is to instil trust with its stakeholders and to work with integrity achieving a win-win relationship:

CSR is our means of business. It's where we are and we have to demonstrate what we say and we would like to think that we do that. We say in our bids, particularly on the quality bids where we are involved in that and that is what we do and therefore we like to say… we like to do what we say we do and also make sure a constructive working relationship with the community. And on a personal level it is something that I am serious about and I would like to leave a legacy that Luke said what he said what he was going to do. '

At CC2, corporate social responsibility is strongly embedded in the company's operations, and a link does exist between its procurement strategy with CSR. Luke highlighted:

'Corporate social responsibility for me is ensuring that the community that we

are working in is consulted in every facet of the scheme and they are regularly updated that we are looking for local employment that we are working and we have some long-term schemes. We are looking for local apprenticeships. We are looking to use local supply chain, and to fund and sponsor the right sort of community projects in the locality to try and encourage ownership of what we are doing. So we can make some sort of legacy so that when we leave the site we will be viewed as having made a bit of difference, hopefully, a lot of a difference. Sustainable communities and whatever you want… and it is about being aware of the impact

of what we are doing in the communities. To that end, we generally work on brown field re-developments, we're not into large four or five bedroom houses on

big fields on the edge of town, we don't do that. Corporately, I suppose some examples of it are we sponsor related charity and shelter and we are also paid up members of MSDUK which hopefully demonstrates a genuine commitment to minority business issues and we are also members of various local community groups.'

We are out there in the community trying to raise the profile of construction to ensure that construction isn't viewed as a last resort. It is viewed as a genuine opportunity for a cracking career, I have certainly enjoyed it, and lots and lots of different facets of that including operatives, bricklayers, joiners, but also designers, marketers, accounts and financial people.

Procurement and Diversity Management

When asked what the term 'diversity management' means to CC2, Luke replied:

'I don't know because I have never heard the

term before…diversity management?'

Although this was a term Luke was not familiar with, he was quite passionate about the issue of diversity, pointing out the various initiatives that CC2 is involved in with a view to increasing the number of minority businesses in their supply base, with a view to ensuring that CC2 does not fall into the category of a firm that deals continually with its 'old boys network':

'Supplier diversity is about ensuring wherever possible that we have a healthy, transparent open policy in the respect of not dealing with the same old people all the time because you think that's okay…it is constantly reviewing the

supply chain, seeing where we are not tapping into areas of the community and
areas of the industry that we're not tapping into which could be a benefit to all
and not getting comfortable with the existent supply chain because that could lead
to complacency and so constantly reviewing the situation. We are proactively
looking to increase the BME representation in under-represented groups across
the park actually and because construction is way behind where it should be on
that percentage representation and to that end that is where we see MSD UK as
an ideal vehicle for that. There is also a desire certainly from our point of view to
try and get more women in construction and I am pleased to say that we now have
got woman on trades but also in building surveying and quantity surveying and
some of the professional trades as well and at the same time unemployment of
woman is far in excess of the national average.'

Pressure from stakeholders such as CC2's client base has been a major driving factor causing CC2 to engage in supplier diversity initiatives. This coupled with the fact that Luke felt the company has a sense of responsibility to help bridge the skills shortage in the construction industry. However, Luke commented that he felt that they do not sense the same pressure from minority businesses reaching out to CC2:

'Personally, social conscience has driven our supplier diversity initiatives,
and from strategic point of view there is an under-represented and to a large

degree an untapped resource out there and in terms of lot of discussions
about

the fact that enough people are not joining construction and that we will
have a serious skill shortage and I think that is an untapped and unrepresented

resource there which we would like to know more about. Also, there is
certainly a requirement to publish our statistics and there is certainly a lot of

emphasis on equality and diversity in our quality bid

particularly in the refurbishment and they are looking for you to demonstrate

your priority in that area and what we don't experience is pressure from the minority business community itself and that is about getting construction out there and further up their agenda.'

Impediments to Successful Buyer/Minority Supplier Relationships

Luke was of the view that there are hurdles inhibiting the formation of successful buyer/minority supplier relationships. The perception held by minorities of the construction industry was in Luke's view one such hurdle. This coupled with the fact that there doesn't seem do be many minority businesses out there in the construction industry.

'It is the mindset that is an issue. The main constraint I think is the view of construction from the minority communities and that is the main constraint and, because we are open minded and open armed about it and we are looking to embrace it and that is what I am trying to say, it is raising construction as a worthwhile career and profession. I think there is lots of evidence that it is not but it can be and I am 100% convinced that it can be a cracking career. Because

of the under representation of minorities to date, you will always and this

would apply to any new relationship, be coming from a traditional mindset from both sides and there would be a need to develop trust and respect and confidence in each others abilities and to enable a proper working relationship. Equally, probably just starting to reach the East Midlands now is the influx of labour from East Europe as well which brings with it similar sort of things which would have been there for a while, language, interpretation, cultural approaches to construction I think health and safety is not as far up the East Europeans' agenda as it needs to be certainly for this county, so all sorts of issues like that.'

Outcomes and Lessons

Luke felt that there is definitely scope to increase relations between minority business owners and large construction companies. From a strategic point of view, he felt that construction companies should see seeking out more minority businesses as one of the ways to address the problem of a skills shortage in the industry. Luke's message to other major construction companies on the issue of supplier diversity was:

'Recognize, the first thing they need to do is to recognize that certain groups are under-represented in the industry, that there is a skill shortage, and therefore isn't it a bloody good idea to get out there and have look at where they can potentially fill that skills shortage. It is a long-term view strategic view.'

Luke feels that the best way to overcome the impediments that currently exist which inhibit the formation of successful buyer/minority supplier relationships, is for both parties to talk on a one-to-one basis, sending marketing material is not the way. He concluded that there is an under-representation of minority businesses in the construction industry.

'I think it is getting people sat around a table....it is a personal. If you try to do it through paper or e-mail or even phone calls are better than those two but it is about relationships..and everything about people is about relationships. Contractual letters and e-mails are lethal. You know people can get very excited in e-mails, whereas they wouldn't say that to your face and so it is about developing good personal relationships. I have been encouraged by the enthusiasm of the people we come across and the acceptance that there is under-

representation and that this is more and more a group of people out there who want to do something about that, and that includes CC2. If you take the population and the percentage of all sort of different backgrounds then you look at construction and it is still predominantly white and it is still predominantly, yes, you could get into class discussion here it's predominantly certainly on the trade people coming into the industry because either their parents did or they could not think of anything else to do and they were not very good at school, so academically they thought I'd better be bricklayer or joiner then and if you look at say the percentage of the population of certain groups have in this country and then compare the percentage that are employed in construction you will see that construction is under-represented in many ethnic minority groups.'

CC2 are very keen to encourage more minority businesses to pursue contract opportunities with CC2, and welcome businesses who want to talk to them:

'I would advise them to come and talk to us and they should enjoy and expect an open dialogue about what we do and what we should be doing in those initial discussions and exploring each others needs and key drivers to see if there is a working relationship there rather than sending through literature, etc., just come and talk to us. Equally we can come in. You know if it suits better we can go and look at their premises and their ability to deliver for us as well. So establishing dialogue is a two way street and that needs to be open and honest because if there is not a meeting of business needs then we need to be honest about that as well'.

CASE STUDY 3

Interview with Head of Procurement for CC3

The Company

CC3 is one of the leading house builders in the United Kingdom, operating through five main regional offices. The company specialises in a wide range of high quality properties ranging from small cottages through to six bedroom luxury homes. CC3 also undertakes design and build work for housing associations. The company is involved, to a more limited degree, in mixed schemes involving commercial, retail and leisure.

CC3 has one of the highest operating margins in the industry which is supported by a well located, high quality, low cost land bank with residential planning consent. Further, the company has a substantial strategic land bank, with land without residential planning consent being promoted through local plans by the company for future residential development.

Interviewee's biography

Frank provided a brief background to his career. He told me:

'My role is procurement director. I have been with the company for 20 years.

My background is quantity surveyor with construction companies, but then, yes,

I had mixed role within CC3, I came in as an internal auditor for the group, but also my background was in procurement so over the years I have taken on the

role of and now I am chairman of a procurement group, which we have and we buy all the main materials for the company.'

Procurement and Corporate Social Responsibility

All staff are encouraged to recognise and adopt corporate responsibility as an area they contribute towards and are accountable for. The company aims to undertake activities and relationships with integrity, in an ethical and honest manner. The company also believes that being accountable for its actions and adopting an approach of self regulation through all its staff leads to significant benefits, including maintenance of its licence to operate, an enhanced reputation with external stakeholders and local communities and improved employee motivation.

CC3 recognises the aspirations and needs of its stakeholders and welcomes the opportunity for engagement and feedback. Where possible it takes the views of stakeholders into account in its activities and disclosure. CC3 seeks to enhance the environment where it builds through using land efficiently, protecting biodiversity and where possible uses materials, material suppliers, labour and resources local to its operations. Frank explained:

'Well, obviously, there is heck of lots of momentum on obviously echo-friendly houses or that type of thing. Innovation of different sorts, obviously the government and housing associations and everybody is pushing that. The regulations have tightened heck of a lot you know on allsorts of things

sound, the requirements within a house..so yes we have seen a lot of things
especially over the last I would say 5 years, which is moving towards more build
fast, be friendly towards the customer in sense of heat and ventilation and it
appears to be going more that way.'

Government pressure is one major influence on the way CC3 carries out its operations. Other stakeholder pressure comes from the local authorities, environmental officers, health and safety officers, and the local archaeology organisation.

Frank explained:

'There is obviously pressure from the government with regard to how we build.
Our sites are very different from what they were even five years ago. Whereas
before we were building three and four bedroom houses, now we are building
flats, apartments, one-two bedrooms houses. Putting a lot more density on
housing developments. At one stage, we used to buy piece of land and put on it
whatever we fancied. These days, you got to put a lot more housing association,
social housing, that type of thing comes in and what is to put on the land so you
would not get planning permission if you did not obviously, put housing
association low-cost housing on onto the site.'

Despite being one of the market leaders in the private house building market, Frank stated that CC3 is not a construction company, but rather is a development company. He pointed out:

'We are not a construction company. Lovell's are more of a construction
company. There is quite a big difference between the construction company
and a development company. Development companies are likes of Barratts,

Wimpeys and us. Redlow. Whereas, I think construction companies more over the
you know these type of people who are going in not only going for housing sites,
but they are going in for obviously shops and factories and football stadiums and
they have to price up a bill of quantities or what ever they are doing to actually
win the job and once they have won it then they just build a plot of land that is
there and owned by whoever. So it is different all together.'

There is a business case for CC3 to engage in CSR activities – put simply,
affects profits. Frank expressed his views:

'I think these days more and more it affects our profits if we don't engage in CSR,
so I think there is that side of things. Also I think the pressure is on from our
shareholders and obviously from society as a whole. I think, you know generally
within the company that we have moral obligation to preserve our environment
and obviously, you know, build in a manner that is suitable for the modern age
especially in the UK. Most of our shareholders are not individuals. Most of our
shareholders are big corporate city companies, but of course within those city
organizations the lobby's there are for obviously echo friendly companies and
they are not prepared to obviously put their money into us if we are not echo
friendly so depending upon how much pressure or how much we are prepared to
do. We are obviously are quite happy to go down that route.'

Procurement and Diversity Management

Frank's response when asked what the term 'diversity management' means
to him was:

'No…I do not know what diversity management is. If you define it I will tell you
whether we are doing it. Because I do not know what it is? There are so many of
thee jargons around I do not have a clue'.

Supplier diversity is not an issue for consideration at CC3. As far as the company is concerned, as long as the supplier meets the required criteria the company will be happy to award them a contract. Frank explained:

'We have a policy that says that as long as the person is capable of doing the work we will take him in board anybody. So we do have a lot of people from ethnic background. We have several who are handicaps, you know, in our office wheel chair based. Yes, we have an open policy on that. As long as they are capable of doing the work we are quite happy to take on anybody. We don't dictate that type of thing to our subcontractors. I do not think, we might do it indirectly but no we do not dictate who they take on board.'

CC3 does not proactively go out to seek more minority suppliers to engage with the company, nor does it discourage minority suppliers. Frank went on to state:

'We are quite happy that we employ a lot of ladies on our sites. Now some trades just do not want brick layers. You ladies you do not seem to be keen on that type of profession. But we do have ladies on site. We are not encouraging it and we are not discouraging it. Minority businesses….well they just have to come in and go through the same process that everybody goes through. They have to prove that they can obviously do the work, they will have to have certain paper work in place obviously. You know they have to be registered as competent contractors. It is all that type of thing that they got to have. That passes the first hurdle. Then of course the second one is, you know, yes, they got to give us good price, and the third one is that that they are going to obviously achieve the performance and the quality we are after. But there are no inhibitions whatsoever. Not that I am aware off.'

Impediments to Successful Buyer/Minority Supplier Relationships

Frank's view was that there are no hurdles that are inhibiting the formation of buyer/minority supplier relationships:

'No..I do not see any problem at all in getting in with us as long as they have got the core basics we will quite happy to employ them. In fact we are crying out for people we just cannot get skilled work forces as you said. So I will happy for them to knock on our door tomorrow but whether they do is a different issue.'

Outcomes and Lessons

As CC3 has not had any experience of engaging in supplier diversity initiatives, there were no lessons or outcomes of such initiatives that Frank could advise me on.

CASE STUDY 4

Interview with Managing Director of MB1

The Company

MB1, a joinery manufacturing form based in Leicester was established in 1999 by the managing director. The business employs seventeen full-time staff. All the joiners and machinists employed by MB1 are fully qualified and have a wealth of experience in the trade and, by purchasing new machinery incorporating the latest technology, MB1 believes that they have one of the most up to date workshops in the country.

When asked what motivated Amarjit to set up business in the construction industry, he explained:

'The whole joinery industry for the last 20, 30, 40 years had been very traditional in the way that we manufacture timber windows and timber doors and a common saying in the industry is "this is how we do it and this is how we have always done it and this is how we are always going to do it" and that for me was quite frustrating because if you look at the rest of the world, for instance Germany and how they move technology forward for the industry…it seemed to me that England was very much not wanting to move forward with it. This enabled the UPVC market to flood the UK market because the timber window industry just sat back and let them do it.'

At present, Amarjit relies on one large purchasing organisation which contributes towards 95% of the business turnover. Recognising that he has 'all his eggs in one basket', Amarjit is keen to access contract opportunities with more of the larger construction companies.

Experience of Supplying to Large Organisations

MB1's experience with supplying to larger construction companies lies mainly with it's largest customer. Amarjit explained enthusiastically:

'Our first dealing with a large company was with Shabolts and that has grown over time from us being a small supplier of door frames, to us now being a major part of their business. The most interesting development has been over the last 4 years…I very much began going and visiting their offices and meeting, initially started off with just the estimators. Then we moved on to getting to know all the processes and then we got to know some of the sales guys and now over the last year you see the progression has moved on and all of a sudden we are sitting face-to-face with the managing director and serious conversations are going back and forth. So you realize the time it has taken us to prove ourselves really to them, for them to take this seriously…to a point, where they even think that we could benefit so much by being a lot more closely linked.'

Impediments to Supplying Large Organisations

MB1's main motivation is to expand its business to deal with more of the larger purchasing organisations. MB1 does not really proactively seek out contract opportunities. Amarjit recognises that this is something he needs to address and realises that there are some challenges that lie ahead for the company to achieve its aspirations. Amarjit explained:

'So far we have been very lucky with what we have been doing so a lot of it has landed on our doorstep but in order for us to move forward now it is going to be a matter of me actually getting out there and seeing what contracts are out there. This is going to be a completely new learning curve for me. Our major challenge would be coping with the level of production that we are going need to be producing.'

Convincing major construction companies that MB1 are a credible supplier is another challenge:

'I think, that it is going to take a lot for me to be able to sell our company and be able to sell the fact that we will be able to perform. I think this again is going to take another 4 to 5 years to build confidence with new companies.'

Amarjit expressed that in his view, a lot of the hurdles to being able to get involved with contracts with the larger companies do not rest with the buyers, but rather rest with the minority business owners. Being realistic about the work load one can handle is a serious consideration. He explained:

'Minority business owners are 'small minded' with regards to their aspirations to access contracts with the larger construction companies. You get a 5-6 man or 10 man company who thinks great now it is time for me to move forward and try approaching these big businesses but you really got to look at it from the big businesses point of view who are saying well they are potentially wanting to put £200K-300K work their way, how are you going to cope?. The smart business man or smart businesses are going to walk away thinking that they are not going to cope.

Amarjit felt that barriers do exist when trying to win business opportunities with the larger companies due to the existing suppliers they already have in place – this again could be one of the negative effects that the move towards partnering as a result of the Egan and Latham reviews have had on the small business sector. Amarjit recently attended a 'Meet the Buyer' event where he got to present his business to the buyers of two large purchasing organisations. He explained:

'...and the way the larger companies sort of addressed the last couple of meet-the-buyer events was that they dangled a little bit of a carrot telling a story of how they helped a small business owner they awarded a contract to grow and now he employs 25 men. It is great and it is quite encouraging for some of the firms that was there, but it was a little bit frustrating for me. I had a conservation with the buyers and they start off the sentence..'we already use a joinery company, we have done so for years so it is virtually impossible that you are going to get in unless you had something to say along the lines of..this is what we make, this is our product and it is far superior than anybody else's.'

Other barriers that Amarjit felt made it difficult to access the major construction companies is knowing who the right contact is, and the buyer not being able to take the time to go and visit MB1. Amarjit was quite confident that if the buyer actually visited his factory to take a look at the set up, they would be very impressed. He also felt that resource is an issue for MB1. As the managing director of the company, Amarjit has to take on a number of roles which leaves time scarce. He explained:

' I think buyer and supplier relationships are not always successful because the larger organisations have a buyer for instance and that buyer only does the buying job and the minority business has the main boss who does everything and this conflict of the boss trying to do everything and deal with this buyer, if you can understand what I am trying to say , makes it difficult.'

Measures to Overcome Impediments

Amarjit advised that it would be helpful if it was made obvious who the relevant contacts are for businesses wishing to make contact with the major construction companies. He commented:

'Besides them displaying on the front door that the buyer is …you need to contact them. Whatever happens in the industry, it is always going to be difficult to find the right person you need to speak to I think and for an organisation to help display who the right person to contact is, I don't think that actually is going to happen, but what would make it easier for me…more informative website, something like that.'

CASE STUDY 5

Interview with Director of MB5

The Company

MB2 is a professional building solutions company specialising in repair, maintenance and improvement for the domestic sector. The mission of MB2 is *"to provide a professional and informative service creating an effortless experience for the customer, and to use bold and innovative practices to revolutionalise the building industry, in doing so creating a strong regional presence as the first branded building company."*

MB2 claims that unlike the average builder, the company values concentrate on two key areas:

1. Providing high quality service, instilling trust, confidence and comfort in each customer.

2. Implementing innovative working practices, both on and off site, to raise industry standards and instil best practice within the building industry.

MB2's director told me:

'Our ethos at MB2 is soundly based on customer service and transparent processes, designed to distance MB2 from what we see as the industry's generally poor reputation with the public. I think it was more to do with the best practice if anything. I mean the stereotype of builders is pretty obvious and we just sort of entered it to kind of change that and try to bring in some of the practices in commercial construction down to sort of residential and domestic market. That is mainly with paperwork and just the way we come across in service more than anything.'

Experience of Supplying to Large Organisations

The majority of MB2's customers are small clients. Harry explained:

'*Our main customers used to vary quite a lot in the early days but now we have kind of homed in on and we have kind of organically turned to what I would sort of dub as a luxury builder. Most of our clients are from prominent areas in the West Midlands, if not Birmingham, doctors, professors, businessmen and from that tier of society if I can say that, who just basically wants somebody in; no hassle, get on with it and kind of they can be left to it and that is what we do. We take it from start to finish, complete turnkey approach to sort of starting the works and completing and that is what they like.'*

MB2 has undertaken some work for larger construction companies, but not many. Harry explained:

'We have a couple of large customers. We do some commercial work and one in particular is a commercial laundry factory. They are a national company and we have done a lot of work with them. Again they have commended us on our

approach as opposed to our size but the main thing is that we have on the top of that delivered three national projects that we have done for them over the last 12 months and that is just been backed up with a personal reference from their general manager from that particular branch, so we do, do large work as well and I mean those works have gone into hundreds and thousands and that is nice and so secure pipeline to have for us as well as well as for the individual homeowners, we've kind of got a product mix and we have got some of the commercial works and work from the developers and then home owners and that is quite nice.'

Impediments to Supplying Large Organisations

Harry advised that the biggest challenge for MB2 when they are dealing with major construction companies is the amount of paperwork that requires completing. For a small business it is often difficult to find the resource and time to meet such requirements, which on occasions has put Harry off the idea of pursuing contract opportunities. Harry explained:

The biggest challenge is the paperwork and keeping on top of that paperwork. keeping it regular and updated. Everything from tendering to running a job with a large construction company or organization, because that is what they are looking for and because admittedly everybody has got to do paperwork and tick the right boxes for their kind of affiliated associations if they have got investors and people, if they have got British standards, if they have got all the kite marks, if they have got all the federations and everybody is going into that which is understandable and I can appreciate that. There is a place for everything and for most sort of small to medium companies it is hard work that they may need to take on an extra person part-time be it for HR or resources and by the time they have weighed it all up they've kind of talked themselves out of it. I mean we've done that now on a couple of occasions but we don't mind it if we know it is secure work that we could do only at a back of a pipeline for it to financially stack up but again I don't think it is something that we would think that oh no, we couldn't do it but we are quite open to it but it is just about having the opportunity to do it.

Measures to Overcome Impediments

Harry felt the key to overcoming the hurdles that both buyers and minority suppliers face to building successful relationships is taking the time to understanding each others perspectives. He explained:

'I think it's understanding one another more than anything. We could argue that it is the big corporations and their processes are too complicated and it is not easy and they need to make it easier…and they can then chuck it back on the minority organisations to say that you come up to speed as well and you will meet us half-way. I think that is always going to be a bit of tugging exercise. But I think it is ultimately appreciating where each other come from.   I think both parties should take a bit of responsibility to overcome the problems because both parties have probably got, not same issues but have got their own issues with each other and it might be discussing them not forums, but sort of meetings and more discussions on it and actually getting something done about. I can appreciate you have got to thrash things out and discuss in forums and so on and so forth but then actually do something after that and actually get something implemented.'

Harry felt that an effective way to overcome such hurdles would be through printing guides for example on what minority businesses wishing to trade with the larger construction companies should do. He explained:

I think it might be more of an educational issue..things could be printed and like in a chronological step by step way to help people to understand it a lot better and I think that is the responsibility of the bigger boys and so this is how our firm works and yes some work similar to this similar to this but this is specifically how we do and if you can do that then it is fantastic and may be a lot more material available because I don't think it is not a lot more material available out there and even there is it's a bloody ball-ache to get hold of it and just the access of information of knowing what to do from the larger organisations.

CASE STUDY 6

Interview with Director of MB6

The Company

MB3 is a limited company which was established in 1983. The main activities of the business are building refurbishment, alterations, and maintenance work. The main customers for MB3 are educational institutes, public sector clients such as the health service and the local authority, and various government agencies.

Experience of Supplying to Large Organsiations

MB3 takes a cautious view to dealing with larger organisations and insists on a strategy where he works as the main contractor rather than as a sub-contractor. Eddie explained:

'I have got many a colleagues who run small businesses who have gone in purely as subcontractors to major companies and they get into disputes and those companies whether they are right or wrong always end up losing because that is the serial nature of the industry. What we find is that large companies whether you know if they have to make money back because on the tender they have gone lower or whatever they squeeze their subcontractors and if they force a dispute with you, you could end up going out of business before it even goes to court. Because they have got the lawyers and everything on their side. Whether the point is right or wrong is on their side or not but it does not really matter. They have got the resources to take you on and they can drag it out and so you end up settling for less. So, I always have been extremely cautious about walking into those relationships and so we function primarily as the main contractor instead of

a supply chain sub contractor. Though we have over recent time had sort of good experiences with sub contracting to a couple of major contractors.'

Impediments to Supplying Large Organisations

Eddie emphasised that the governments drive to encourage larger construction companies to adopt a partnering approach to their procurement activities has had a negative impact on businesses like MB3. He explained:

'*As a business, the majority of the models that you see in play are that they don't engage small contractors because smaller contractors are always perceived as a part of the supply chain further downstream. They are not part of the major thing and that is part of my disappointment actually.'*

Eddie had very strong opinions about what he claims to be racial discrimination taking place within the procurement area of construction. He stated that he has specifically chosen to target public sector companies for business because he feels the chances of him winning business are better, given the public sector duty to ensure equality of opportunity in its operations. Eddie explained:

'I have specifically chosen to deal with the public sector because barrier is a big thing, racial barrier. It is hard sometimes to be specific about it because it does not always present itself in that way and you should know, you perhaps might know being a person of colour but often you apply for certain situations and you just don't get it because you are probably encouraged at the onset and then you just don't seem to get any further and no matter what you do. Sometimes no matter how many calls you make and things, people just do not respond or do certain things. But public sector to me always have a much fairer way…and you are on it periodically to get on pre-qualification to get on the tender list you know it is open and fair system in our newer sense and hopefully and it is much fairer that the private sector side.'

Relying on the fairness of the marketplace is crucial for MB3. Eddie went on to explain:

'When you are starting off if you are a person of colour, or of a minority background and you don't have that network of contacts initially so you rely on the fairness of the market place when you apply for your selection for work and you rely on that because otherwise how you are going to break in?'

For MB3, the 'old boy's network' seems to be another major barrier to accessing contracts with the larger purchasing organisations. Eddie explained:

The majority of the people I employ in this industry are men joined from the white working class pool and it is very macho and even along the professional levels and there is a lot of allegiance that goes with that. Anything different than need to them is not welcome and they will rather close rank than let you in. There is that sort of old boy behaviour exist. You have to fight to get in. If you are interviewing me and if you go and interview a white woman and she will tell you probably the same.

Measures to Overcome Impediments

Eddie felt that the way forward to overcome such impediments was for the larger construction companies to provide guidance on what it takes to trade with the, and also for them to follow through on any contact they make with minority businesses. He explained:

'It starts from the top down…they need to do some internal monitoring to make sure their policies are followed through. They need to follow through on their presentations…and not just make it a PR exercise.'

DISCUSSION & CONCLUSIONS

The Business Case for Supplier Diversity

Using six empirical qualitative studies, this paper has revealed that there is evidence of a business case for supplier diversity for companies that operate in the public sector of the construction housing industry (i.e. whose main clients are public sector organisations), and in contrast there appears to be no business case for companies operating in the private sector of this industry (i.e. construction companies dealing mainly with the private sector).

A primary driver of corporate action in the construction industry appears to have been considerations of social responsibility, with schemes promoting greater 'supplier diversity' being presented as evidence of one facet of the organisation's attempts to engage more fully with the community in which it is based, from which it draws some of its resources and from which it derives part of its revenue. Acting in a more socially responsible way, in other words, has important links with and implications for the organisation's economic and commercial imperatives. This was particularly true for CC1 and CC2.

The data collected from the interviews with key personnel indicate that the larger construction companies whose customers are mainly public sector clients (e.g. housing associations) engage in supplier diversity initiatives for one (or more) of four main reasons:

1. Legislation/ Public Policy – the public duty to ensure equality of opportunity in public sector organisations.
2. Economic imperatives – employing local sub-contractors and thereby encouraging economic development; demonstrating the company is socially and environmentally responsible helps 'tick the right boxes' when bidding for work with public sector organisations; bridging the skills gap in the industry.
3. Stakeholder expectations – government pressure through initiatives such as 'Decent Homes 2010', sustainable communities, etc.
4. Ethical motives – addressing the under-representation of specific groups is seen as 'the right thing to do'.

The company that operates in the private sector had no such drivers to implement supplier diversity initiatives, and had no initiatives of this nature in place. It would therefore appear that those construction companies that do have supplier diversity initiatives in place, do so as reactive attempts to palliate pressure groups and to help them win contracts from the public sector. This driving factor mirrors the argument made by Porter and Kramar (2002) on how companies can gain competitive advantage through implementing strategic CSR.

The above mentioned influences also mirror Bansal and Roth's (2000) findings on the key drivers of environmental behaviour in large firms. They also resonate with Carroll's (1991) well-known typology of different forms of CSR (economic: legal: ethical and philanthropic) and Van Marrewijk's (2003) proposition that firms adopt CSR practices either because they feel obliged to do it, or are made to do it, or want to do it.

Barriers to the formation of buyer/minority supplier relationships

For companies like CC1 and CC2 who are seeking to engage more minority businesses in their supply chain, the identification of the impediments that inhibit the effective implementation of their supplier diversity efforts is an important consideration. If there is an understanding of what the perceived/actual barriers are from both the buyer's perspective, and the minority business perspective, this information could prove valuable in helping to address such issues and overcome the hurdles that may currently exist.

There were several impediments to the formation of buyer/minority supplier relationships that were found through this research. To summarise, these were as follows:

Impediments to relationships from the large construction company's perspective

➢ Minority businesses are hard to find in the construction industry.
➢ Minority businesses lack experience/expertise of supplying to large organisations.
➢ Minority businesses lack the capability to handle large contracts.

Impediments to relationships from the minority business perspective

➢ Buyers rely on their 'old-boy networks' for suppliers.
➢ It is hard for minority businesses to get their foot in the door.
➢ Buyers discriminate against minority suppliers.
➢ Buyers use supplier diversity as a PR exercise just to tick the right boxes.
➢ It is difficult to identify who the relevant contact is in the organisation.
➢ Minority businesses become disillusioned with corporate bureaucracy.

> ➢ Minority businesses have a greater chance of winning work with construction companies operating in the public sector, compared with the private sector.

The impediments uncovered through this particular research study match those of a similar study conducted in the US by Pearson *et al*. (1993). The study examined the impediments and approaches to buyer/supplier relationships between Fortune 500 firms that have corporate minority purchasing programmes and minority businesses. The findings also confirm some of the issues highlighted by Harrison and Davies (1995), Sodhi and Steele (2002), and Steel and Sodhi (2004).

For organisations seeking to incorporate ethnic minority businesses into their supply chain, the problem of accessing such businesses can be substantial (Giuinipero: 1980; Ram and Smallbone: 2003). A related issue is whether minority businesses have the capacity to meet the requirements of larger construction companies. In the US, this was a problem that was invariably encountered by corporations in the initial stages of developing supplier diversity programmes (Giunipero: 1981). The study by Pearson *et al* (1993) indicated that large purchasing organisations saw the undercapitalisation of many ethnic businesses and the lack of availability in specialist areas as key impediments to supply base diversification.

Looking forward to Document Four

Looking forward to Document Four, it may be useful exploring these findings further using the findings of the study conducted by Pearson *et al* (1994) in the US, as a basis to inform a similar study in the UK construction industry.

REFLECTIVE CRITIQUE

Limitations and Future Research

This paper describes a case study methodology. As such the constraints associated with such an approach need to be recognised. Whilst every attempt has been made to ensure methodological rigour in undertaking this approach, the nature of qualitative research is such that the researcher may have some influence on the data collection and analysis. Strict adherence to analytical procedure and case protocol were used to minimise the potential impact of this.

Overall, the qualitative nature of this research has allowed some new insights about an important, yet not fully understood topic, to emerge. It is strongly recommended that further research of this type be conducted on a larger scale for Document Five.

In an ideal setting, if time constraints allowed, I would have liked to have carried out a greater number of interviews to a point where I felt I have generated 'transferable data'. Given (2006) advises that transferable data generally occurs at the point of repetition (or "saturation") of themes, which typically occurs with a minimum of 15-18 participants. Increasing the number of participants is one way to enhance the rigor in data collection. This will most definitely be my aim for Document Five. I will also aim to achieve an equal mix of respondents from both the public and private sectors, as the case studies suggest that this potentially affects if there is a business case for supplier diversity in the organisation.

Lessons learned

Yin (2003) argues that the analysis of case study evidence is one of the least developed and most difficult aspects of doing case studies. Too many times, investigators start cases without the foggiest notion about how the evidence is to

be analysed. Such investigations easily become stalled at the analytic stage. I have to painfully confess that I have been guilty of this experience too.

Having gathered the interview material, I sat there and looked at it and thought "right, how on earth do I analyse all of this?" I knew in my mind all along through this study that I want to explore further the findings that emerged from the literature review, and examine them from the construction industry's perspective. However, when it came to the writing stage, I had to think long and hard on how best I can write the findings whilst ensuring I achieve clarity and a logical flow in my argument. When carrying out research in the future, I will most certainly take into consideration this very valuable lesson I have learned and will ensure that the analytic approaches be developed as part of the case study protocol.

Questioning – I learned an extremely important lesson during the interview I carried out with C3 which related to my questions. I made the fundamental mistake of assuming that all of the large construction companies I interview do seek to manage diversity in their supplier base at some level. This is not the case and it was either naive, or an oversight on my part to assume this was so.

My Bibliography

Finally, I mentioned earlier in this document the importance of recognising how my bibliography might shape my interpretation of the data. This is an important issue for consideration. But what is equally important is how my presence as the interviewer may have affected the responses I received to my questions.

I was given wise words of caution by my supervisors before carrying out the interviews on areas I should be aware of that may affect the way the interviews

go. Although, I may have been aware of such issues on a sub-conscious level, I really felt the 'existence' of these considerations during the interviews.

To elaborate and provide examples of this: given that I was inquiring about issues of diversity, I was conscious that my ethnicity may affect the responses to my questions. When interviewing the directors of the large construction companies, I felt that my ethnicity was working to my disadvantage for the simple reason that the respondents may have felt that they have to be careful how they respond to my questions because the issue may be seen as one which I am sensitive about. Clearly, I am not and was keen to ensure that the respondent felt comfortable enough to tell me anything – to speak honestly about their world view. I tried to overcome this 'barrier' by building rapport with the respondents.

On the other hand, when I was interviewing the minority business owners, my ethnicity seemed to work to my advantage (especially with MB3) and felt that the business owners were at ease to tell me whatever came to their mind because perhaps they felt that I may have encountered similar experiences.

I also got the impression at times that the respondents were saying 'the right thing' to project a certain type of image for their respective organisations.

Finally, I think what did help me to gain access to these respondents and achieve the duration of interviews that I did with them, was the fact that I am female – and this again is something one of my supervisors warned me about when he highlighted that the construction industry is still dominated by the male population, and so therefore they may welcome being interviewed by a young female. Let's hope this advantage remains with me for Document Five where I hope to carry out interviews on a much larger scale!.

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DOCUMENT FOUR

DEFINITION OF TERMS

Minority Owned Business

A minority business enterprise is a company which is at least 51% owned, controlled or operated by one or more individuals who are members of an ethnic minority group, are women, are disabled or are either lesbian, gay, bisexual or trans-gender.

Ethnic Minority Owned Business

A business which is at least 51% owned, controlled or operated by an ethnic minority.

Women Owned Business

A business which is at least 51% owned, controlled or operated by a woman.

Supplier Diversity

Initiatives that aim to increase the number of diverse (e.g. ethnic-minority owned; women-owned) businesses that supply goods and services to both public and private sector organisations, either directly or as part of a wider emphasis on smaller enterprises in general.

Small Medium Enterprise (SME)

The Department of Trade and Industry states: there is no single definition of a small firm, mainly because of the wide diversity of businesses. Section 248 of the Companies Act of 1985 states that a company is "small" if it satisfies at least two of the following criteria:

- ➢ a turnover of not more than £2.8 million;

- ➢ a balance sheet total of not more than £1.4 million;

- ➢ not more than 50 employees

A medium sized company must satisfy at least two of the following criteria:

- ➢ a turnover of not more than £11.2 million;

- ➢ a balance sheet total of not more than £5.6 million;

- ➢ not more than 250 employees

For statistical purposes, the Department of Trade and Industry (DTI) usually uses the following definitions:

- ➢ micro firm: 0 - 9 employees

- ➢ small firm: 0 - 49 employees (includes micro)

- ➢ medium firm: 50 - 249 employees

- ➢ large firm: over 250 employees

For the purposes of this research, SMEs are defined using the thresholds adopted by the DTI: an SME is a company that has 0-249 employees, a turnover of not more than £11.2 million and a balance sheet total of not more than £5.6 million.

Suppliers – SME's working as contractors/sub-contractors in the construction housing industry.

Large Construction Companies – companies operating in the public and private sectors of the construction housing industry, who have a turnover in excess of £11.2 million.

Large Purchasing Organisations – companies operating in the public and private sectors of the construction housing industry, who have a turnover in excess of £11.2 million.

Clients – Purchasers of construction projects.

ABSTRACT

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In many instances, the objectives of both large companies and minority owned businesses operating in the construction housing industry would be better achieved if the two parties both worked together. Unfortunately, despite efforts by: government bodies, housing associations, large construction companies, and minority owned businesses, to promote buyer-supplier relationships, the approaches and challenges involved in these relationships continue to be misunderstood by the majority of these constituents. Perceptions regarding these relationships vary greatly, especially between the buyers for large construction companies and minority businesses operating as sub-contractors in the industry. The key to progressing towards more beneficial buyer-supplier relationships is to recognise the needs and abilities of each group so that the two can mutually strive to overcome barriers to cooperation.

This paper presents the results of the second stage of a wider exploratory study that examines whether there are any impediments that exist (and if so, what are they?) which affect the successful formation of buyer-minority supplier relationships in the construction housing industry. This stage of the study draws from survey based research where postal questionnaires were sent to both buyers for large construction companies and minority business owners operating in the industry. The objective being to extend the current understanding of both the challenges that inhibit the formation of strong relationships between large construction companies and minority businesses, and to identify the approaches that both buyers and minority suppliers suggest should be developed to overcome the existing challenges.

The study confirms that both buyers and minority suppliers do differ on their views and perceptions regarding what the actual impediments are to the successful formation of buyer-minority supplier relationships. Not only has the study found that both groups differ on their perceptions, but also has revealed that the degree to which they differ is quite considerable. Whilst the large construction companies emphasised two primary themes: the unavailability of qualified minority businesses, and the perceived "hassles" involved in trying to find qualified minority businesses, the focus from minority businesses was quite different with three themes emerging: the problem of institutional barriers involving 'old-boy networks' and national partnering agreements; dealing with corporate bureaucracy; and, the issue that minority businesses feel they have to work harder at creating trust with buyers for large construction companies – one of the main reasons for this being that they largely perceive the construction industry as one which discriminates against ethnicity and gender.

Overall, the general agreement on the approaches to better buyer-minority supplier relations suggests that despite the tendency to blame the other group for the lack of cooperation, large construction companies and minority businesses believe that a combination of education and an emphasis on solutions, especially

those that involve information creation and sharing, appears to represent the foundation on which future successful relationships will be built.

Within the recent business environment, where the construction industry has been one of the worst hit victims of the now infamously known 'Credit Crunch', businesses have been forced to look at all potential sources of surviving these turbulent times and remaining competitive - this includes working with small and/or minority-owned businesses. However, large firms emphasise that they can only consider minority businesses as a viable long-term source if the minority contractor is (or has the potential and the desire to become) competitive. Ultimately, today's competitive environment is intense and large construction companies will only consider minority businesses if they are truly competitive; therefore, minority businesses must not only achieve this 'fit to supply' status but must make large firms aware of this capability. The researcher concludes that policy makers within the construction industry, large construction companies, and minority businesses, must work together to facilitate this process, especially as it relates to information sharing.

INTRODUCTION

What is the experience of large companies working with minority suppliers in the construction housing industry? Are there any barriers which large construction companies encounter when trying to achieve greater diversity in their

supply chain? What is the experience of minority businesses competing for public/private sector construction/maintenance contracts? Are there any barriers minority businesses encounter when seeking to access contract opportunities with large construction companies?

Past research has indicated how large organisations can benefit from involvement in a supplier diversity initiative, with particular emphasis on the 'business case', demonstrating that 'good ethics' can also mean 'good business' (Ram *et* al. 2002; Ram and Smallbone, 2003; Worthington *et al*. 2006; Worthington *et al*. 2007). In so doing, such research has demonstrated some of the major challenges confronting those who seek to engage with supplier diversity, highlighting key obstacles to the implementation of such initiatives on both the demand and supply side and suggested some ways in which these can be addressed.

Research in supplier diversity in its broadest sense, has concentrated by and large on the demand side i.e. on purchasing organisations. The purpose of this study is to extend this focus to the supply side and examine supplier diversity from the perspective of the minority supplier (typically a small firm) as well as the buyer, operating in the construction housing industry, with its main focus being to identify the impediments to the successful formation of working relationships between the two parties, and to assess the views of both buyers and minority suppliers on how they suggest supplier diversity initiatives might help overcome the perceived/actual barriers that exist.

Despite efforts in the UK construction housing industry by: government bodies (which include The Housing Corporation, the Commission for Racial Equality, and the Office of the Deputy Prime Minister), housing associations, large construction companies, and minority owned businesses, to promote buyer/supplier relationships, the approaches and challenges involved in these relationships continue to be misunderstood by the majority of these constituents.

Perceptions regarding these relationships vary greatly, especially between procurement professionals and minority businesses.

It is common knowledge that there is a huge skills shortage within the construction industry with predictions that 350,000 people will be needed over the next five years to satisfy demand (Watson, 1999; Dainty *et al*., 2004; 2005). A number of researchers have highlighted the various factors which have contributed towards this skills shortage. Such factors include:

- ➢ The introduction of new technologies impacting on skills requirements (Gruneberg, 1997).
- ➢ The decline in construction training and associated resources (Agapiou *et al*., 1995; Morton and Jagger, 1995; Thomas, 1996).
- ➢ A fall in the number of young people available to enter the labour market, thus increasing competition to attract new employees (Ashworth and Harvey, 1993; Druker and White, 1996).
- ➢ The changing nature of the construction markets, and in particular, a decrease in the need for construction workers with traditional skills (CITB, 1991).
- ➢ The cyclical nature of the industry and fluctuating employment patters; the growth of self-employment and labour-only sub-contractors (Fellows *et al*. 1995).
- ➢ The fragmentation of the industry (Rainbird, 1991).

The Construction Industry Training Board (CITB), conscious of this skills shortage, suggests that:

'The industry must look to increase recruitment of ethnic

minorities and women if it is to survive and grow'.

Despite this however, the construction industry continues to be criticised for having an extremely poor diversity record (Agapiou and Dainty, 2003; Dainty *et al*., 2004; UMIST, 2004; Caplan and Gilham, 2005; Graft-Johnson *et al*., 2005; Newton and Ormerod, 2005; Steele and Todd, 2005). The industry employs 70 per cent fewer ethnic minority people than the UK industry average (CITB, and Royal Holloway University of London, 1999). Furthermore, Steele and Sodhi (2006) report that there are disparities in the representation of different minority groups in the industry. Particular minority business groups are more likely to be found than others, especially African Carribbeans, Indians, and those of mixed and other backgrounds, compared with those from the Pakistani and Bangladeshi communities. Commenting on such figures, Cavill (1999) argues that:

'The construction industry does not have a good record on recruiting

and then developing employees from ethnic minorities. This is a missed

opportunity, not only for people who may be well suited to a job

in construction but also for the industry itself.

Cavill (1999:20)

Anecdotal evidence would suggest that from the construction firm's point of view, given that there is a huge skills shortage, there are no real barriers for willing and able minority businesses wishing to engage in their supply chain. There also seems to be a perception amongst large construction firms that the numbers of minority businesses operating in the construction industry are very low (Boyal, 2007). For minority businesses however, the perception is somewhat different where barriers to mainstream supply chain are perceived to exist (see for example, Harrison and Davies, 1995; Sodhi and Steele, 2002; Sodhi and Steele, 2004; Steele and Todd, 2005).

Steele and Sodhi (2006) argue that key to the reason why so few ethnic minorities choose to enter the construction industry are the barriers that exist for minority business enterprises, relating primarily to the industry placing little emphasis on equality of opportunity. These barriers include:

➢ The image of the industry.
➢ The lack of career development opportunities and employment uncertainty.
➢ The prevalence of overt racism.
➢ The lack of information available about the industry and the organisational culture of the industry.

Steele and Sodhi (2006:196-197)

So why is there a difference in perception between buyers for large construction companies and minority businesses acting as contractors/sub-contractors to the industry? One could say this is possibly an example of 'market failure' – the kind of market failure that the government is seeking to correct in its action plan for SMEs (SBS, 2003).

This paper reports on the second stage of research undertaken, to explore whether there are any impediments that exist (and if so, what are they?) which affect the successful formation of buyer-minority supplier relationships in the construction housing industry, and identifies the various measures that both buyers and minority suppliers consider would help overcome these hurdles.

Useful findings were unfolded during the interviews carried out for Document Three. This paper now takes these findings forward and surveys the extent to which both buyers for large construction companies and minority

suppliers differ on their views of the impediments which were found in the research for Document Three.

It is important to note at this juncture, that although the definition of 'diverse businesses' can also include gay/lesbian owned businesses and disabled-owned businesses (see Glossary of Terms), for reasons of maintaining focus in this paper, this research concentrates on ethnic minority owned businesses and women-owned businesses as these two segments of diverse businesses seem to constitute the main area of debate by key stakeholder organisations who have a vested interest in the diversity record of the construction housing industry.

Research Questions

Of the various objectives highlighted in Document One, my specific research questions for this particular study are as follows:

➢ To determine whether there are any impediments (and if so, what are they?) to the successful formation of buyer-minority supplier relationships in the construction housing industry.

➢ To survey the extent to which buyers for large construction companies and minority suppliers differ on these impediments.

➢ To determine which activities/measures are preferred by the buyers for large construction companies and which are preferred by minority business owners, to overcome such impediments.

Hypothesis

Based on the findings of Document Three and the literature review thus far, the general hypothesis that will be tested during this study in addition to exploring the research questions is as follows:

It is hypothesised that both buyers and minority suppliers will differ on their views and perceptions regarding what the actual impediments are to the successful formation of buyer-minority supplier relationships, and they will also differ on what measures both parties feel should be implemented to overcome such hurdles.

The basis of the hypothesis stems from the findings which unfolded during the research for Document Three.

Reasons for this Study

There is no study to date that has examined these issues specifically for the UK construction housing industry (and explores both private and public sectors), so by carrying out this type of survey research, the researcher is hoping to add to existing knowledge both in the academic and commercial arenas relating to this industry.

CONTEXT

'The concept and politics of social exclusion is an important issue. The construction industry is both the producer of an improved environment in terms of housing, infrastructure and facilities, as well as being a major employer. Construction could be a central player in any initiatives to address the problems of social exclusion.'

(Gale and Davidson, 2006:10).

The UK Construction industry is the second largest in the European Union, providing exports worth over £7bn - it contributes around 8.2 percent of GVA and employs around 2.1 million people in Britain (UK Trade and Investment, 2008). UK contractors and consultants operate in almost every country throughout the world and enjoy a high reputation. British standards and codes are recognised worldwide and form the basis of governance in many construction industries around the world.   The construction sector is an extremely diverse industry composed of contractors, consultants, building materials and product producers. It is dominated by small-medium business enterprises (SMEs) with a relatively small number of large companies.

Despite it being Britain's biggest industry employing more people and generating more output than any other sector (CITB, 2005), the Construction industry is renowned for its poor reputation for diversity (UMIST, 2004). A report commissioned by the Construction Industry Training Board (CITB) on the under-representation of ethnic minorities in the industry found that less than 3% of the industry was Black or Asian but the national average was 6.4% (of working age); 10.1% of the construction industry workforce are women – a very low representation; two-fifths (39%) of ethnic minority construction employees had experienced racist remarks, and although 97% of firms had an equal opportunities policy only 50% checked to see if it was working (Sodhi and Steele, 2002). The latest statistics published by the CITB highlight that only 3% of sole traders in UK construction are non-white ethnic minorities, and a mere 1% of sole traders in UK construction are women (CITB, 2004).

Clarke *et* al. (2006) states:

'The most severely male-segregated sector is the construction industry'.

Clarke *et* al. (2006:151)

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There is a dearth of research investigating diversity in the construction industry, but the majority of this material relates to strategies to achieve workforce diversity, for example see (Davey *et al*., 1998; Agapiou and Dainty, 2003; Dainty *et al*., 2004; UMIST, 2004). Other studies have revealed that the industry more generally has failed to be inclusive and diversify its workforce (for example see Caplan and Gilham, 2005; Graft-Johnson *et al*., 2005; Newton and Ormerod, 2005). In comparison, there is relatively little literature on the issue of supplier diversity within the industry. What does exist applies more to the employment of minority suppliers in the public sector, and these studies focus only on black minority enterprises – here, barriers have been found to exist for minority businesses seeking to trade with housing associations.

Historically, large corporations and minority-business enterprises have encountered many impediments as they have worked together (see for example: Harrison and Davies, 1995; Ram *et* al. 2002; Ram and Smallbone, 2003; Sodhi and Steele, 2002; Sodhi and Steele, 2004; Steele and Todd, 2005). As a result, the government has adopted public policy (for example, the Race Relations Amendment Act 2002) to help promote greater interaction between large firms and minority businesses. In the last few years, there has been a plethora of good practice reports published offering guidance to public sector organisations on how to address race equality issues in their business procurement practices (see for example: Eagon, 1998; CRE, 2003 and 2005; Michaelis *et al*., 2003; ODPM, 2003). Despite this however, housing associations continue to appear under the spotlight for their inadequate action in complying with the statutory duty in relation to their contracting powers (Sodhi and Steele, 2002).

During Document One, I made a case for why examining the impediments that inhibit the successful formation of buyer-minority supplier relationships in the construction housing industry would be useful, and suggested that the research will benefit the majority of stakeholders illustrated in the 'Stakeholder Maps' (see Appendix A), which include: government bodies seeking to correct for specific market failures with regards to under-represented groups in the SME sector;

procurement professionals in the construction industry seeking to achieve greater diversity in their supply chain; and, minority businesses in the construction housing industry would benefit from the learning outcomes. As there has been no study to date specifically addressing the business case for supplier diversity initiatives in the construction housing industry, the researcher may be adding to current knowledge; and, the findings of the research may help to shape policy in this industry.

On completion of Document Three and the subsequent analysis that had been carried out, several conclusions were made and discussed, and of particular relevance to this study were the findings relating to the impediments that inhibit the formation of successful buyer-minority supplier relationships. Using six empirical qualitative studies, Document Three revealed that there is evidence of a business case for supplier diversity for companies that operate in the public sector of the construction housing industry (i.e. those companies whose main clients are public sector organisations), and in contrast there appears to be no business case for companies operating in the private sector of this industry (i.e. those construction companies dealing mainly with the private sector).

A primary driver of corporate action in the construction industry appears to have been considerations of stakeholder management and social responsibility, with schemes promoting greater 'supplier diversity' being presented as evidence of one facet of the organisation's attempts to engage more fully with the community in which it is based, from which it draws some of its resources and from which it derives part of its revenue. Acting in a more socially responsible way, in other words, has important links with and implications for the organisation's economic and commercial imperatives.

The data collected from the interviews with key personnel indicated that the larger construction companies whose customers are mainly public sector clients (e.g. housing associations) engage in supplier diversity initiatives mainly

for reasons relating to gaining competitive advantage in the tendering process with their clients. In contrast, companies that operate in the private sector had no such drivers to implement supplier diversity initiatives, and had no initiatives of this nature in place. It would therefore appear that those construction companies that do have supplier diversity initiatives in place, do so as reactive attempts to palliate pressure groups and to help them win contracts from the public sector. This driving factor exemplifies the argument made by Porter and Kramar (2002) on how companies can gain competitive advantage through implementing strategic corporate social responsibility.

Why investigate the impediments to buyer-minority supplier relationships?

At the end of Document Three, the researcher recommended that for large construction companies who are seeking to engage with more minority businesses in their supply chain, the identification of the impediments that inhibit the effective implementation of their supplier diversity efforts is an important consideration. Equally, for minority business owners that are seeking contract opportunities with large construction companies, knowledge of what buyers look for in a supplier could help the minority business owner to ensure the business is 'fit to supply' and potentially increase its chances of winning contract work with the larger firms. The researcher argued that if there is an understanding of what the perceived/actual barriers are from both the buyer's perspective, and the minority business owner's perspective, this information could prove valuable in helping both buyers and minority suppliers to mutually strive to address and overcome the hurdles that may currently exist. In other words, understanding the nature of the relationship that exists between large construction companies and minority businesses may provide clues as to how to structure and manage supplier relationships effectively, and thereby allow for issues around social exclusion to be addressed more effectively.

As Campbell (1997) notes:

'Empirical research on the different perspectives buyers and sellers

bring to a relationship remains quite rare. Understanding each side's perspective

is important since when firms understand and appreciate each other's

view points, they are able to arrive at a working consensus and manage

their partnership more effectively'.

Campbell (1997:417)

There were several impediments to the formation of buyer-minority supplier relationships that were found through the research study conducted for Document Three and it was recommended that further research be conducted to explore these findings on a wider scale through the use of quantitative research techniques which could be carried out as the next phase of research to produce Document Four.

The following is a summary of the findings during Document Three relating specifically to the impediments mentioned by both buyers for large construction companies and minority business owners:

Impediments to relationships from the large

construction company's perspective:

- Minority businesses are hard to find in the construction industry.
- Minority businesses lack experience/expertise of supplying to large organisations.
- Minority businesses lack the capability to handle large contracts.
- Minority businesses do not actively seek to identify any potential contracting opportunities with large construction companies.
- Minority businesses have a poor perception of large companies in the construction industry – they think large companies are not interested in doing business with them. There are no hurdles for minority businesses, it's just their perception.

Impediments to relationships from the minority business perspective:

- Buyers rely on their 'old-boy networks' for suppliers.
- It is hard for minority businesses to get their foot in the door.
- Buyers discriminate against minority suppliers.
- Buyers use supplier diversity as a PR exercise just to tick the right boxes.
- It is difficult to identify who the relevant contact is in the organisation.
- Minority businesses become disillusioned with corporate bureaucracy.
- Minority businesses have a greater chance of winning work with construction companies operating in the public sector, compared with the private sector.
- It's difficult to get large construction companies to see that there are minority businesses that are credible companies to work with which do have the capacity and skills to cope with larger contracts.
- Sometimes large construction companies do not pay up and as a small business we do not have the resources to take on their big legal teams.

The findings of Document Three highlighted above, have been taken forward to Document Four to help facilitate the survey instrument content and design process.

CONCEPTUAL FRAMEWORK

The 'new' findings that unfolded during Document Three impacted further the conceptual framework that was used during that particular stage of the

research - a new conceptual framework emerged and was developed to be taken forward for further investigation into Document Four.

Figure 1 illustrates the emerging conceptual framework. A dotted line has been drawn on this diagram to highlight the area of the conceptual framework which is of particular relevance to this part of the study - that is, the section of the conceptual framework which falls below the dotted line. This section of the conceptual framework provides the 'lens' through which the findings of this survey will be examined. The reason for focussing on this particular section only is that the other elements of the conceptual framework shown above the dotted line were explored and discussed in great detail and at length during Documents Two and Three. Whereas, the themes and their 'linkages' below the dotted line relate more 'finely' to this part of the study and therefore it is considered only appropriate and 'fitting' that they merit detailed discussion in the form of a literature review for this document. This literature review would then allow for the results of this study to be analysed through the lens of such themes which are very relevant to this study. So, the findings of this study are examined in relation to the literature available in the following two fields:

➢ *Buyer-minority supplier relationships* – this section examines what the current literature tells us about buyer-minority supplier relationships. It also looks at the barriers/hurdles that exist, or, are perceived to exist, which inhibit the successful formation of relationships between these two parties.

➢ *Supplier Diversity* – this section examines what the current literature tells us about the case for supplier diversity, the drivers and barriers to supplier diversity, and assesses the evidence of diversity initiatives in the UK construction housing industry.

The following section now provides an overview of the literature available in these two fields.

Figure 1: CONCEPTUAL FRAMEWORK

> **STAKEHOLDER PRESSURE**
>
> *Pressure from 'primary' &*
> *'secondary' stakeholders requiring*
> *construction companies to*
> *demonstrate how they actively*

Construction

companies operating

in the

Construction

companies operating

in the

Strategic Stakeholder

Management

Need to manage

NO

Business

Case

Strategic Corporate

Social Responsibility

Construction

A BUSINESS

CASE

~~FOR~~

Implementing

Supplier Diversity

Construction

Buyer-Minority Supplier

Relationships

Identification/knowledge

of impediments to the successful

LITERATURE REVIEW

'The importance of the cited literature is at least twofold in that it informsthe present study in terms of both substance and methodology'.

BUYER-MINORITY SUPPLIER RELATIONSHIPS

The general literature on buyer-supplier relationships tends to focus more on the buyer-supplier relationship that has already been formed i.e. the buyer has found the supplier and a transactional relationship is already in process – here, the literature looks at how such relationships can be developed to maintain competitive advantage and falls into the literature field of 'supplier development'. Of particular relevance to this study however is buyers who are seeking to work with minority suppliers, and vice versa (i.e. the relationship has not yet been formed and transactions are not taking place), and the barriers both parties face – the literature in this area is very scarce in comparison and much of what does exist is based on US studies, although there is some, albeit little research that has been carried out in the UK.

Buyer-Seller Relationships – A Brief Overview

Buyer-seller relationships have been defined as agreements which involve commitment and trust over an extended time-period and which include sharing of information, risks and rewards (Ellram, 1991). A review of the literature in this area revealed that generally, the theme of 'buyer-seller relationships' tends to fall into the research fields of 'supplier development' and 'strategic management'. Smeltzer (1997), notes that partnerships between buyers and suppliers are increasing in frequency and importance. Scheuing (1994) argues that buyer-supplier partnering is the wave of the future. Lorange and Roos (1991) support this statement and provide numerous examples of successful alliances in both Europe and the United States and suggest that strategic alliances will be the general business trend in the 1990s and beyond. Blodgett (1991) and Burt and Doyle (1993) demonstrate how partnerships can develop competitive advantages

to both buyers and suppliers. Hendrick and Ellram (1993) concluded that supplier partnerships will continue to be an enduring major strategic purchasing initiative.

Recent research efforts have found that firms engage in supplier development from two perspectives: strategic and reactive (Krause *et al*. 1998). The *reactive* perspective is remedial in nature and focuses on suppliers that are performing inadequately in various areas. In contrast, a firm that engages in supplier development from a *strategic* perspective establishes a formal, ongoing programme to increase the overall performance and capabilities of the supply base. This is achieved through systematic assessment of the supply base. After the assessments, investments in supplier development are allocated based on how the buying organisation can gain competitive advantage (Krause and Handfield, 1991).

Within the literature on supplier development, much of the debate focuses on the relationships between buying firms and their suppliers, a primary focus for many of these research efforts being on the characteristics of long-term inter-organisational relationships. Hoyt and Huq (2000) for example, observe how buyer-seller relationships have evolved over the past two decades from transaction processes based on arms-length agreements to collaborative processes based on trust and information sharing. Similarly, Webster (1992) reports that marketing is shifting from transactional exchanges to relational exchanges through strategic partnering:

'In focussing on relationships - though we are still talking about buying

and selling, the fundamental activities of marketing – we are

now considering the phenomena that have traditionally been the

subject of study by psychologists, organisational behaviourists, political

economists and sociologists. The focus shifts from products and firms

as units of analysis to people, organisations and the social processes

that bind actors together in ongoing relationships'.

Webster (1992:1)

Many researchers in this field have exhorted the benefits of buyer-seller partnerships (for example see: Byrne *et* al. 1993; Dwyer *et al*. 1987; Ring and Van de Ven, 1992). However, Campbell (1997) argues that not all relationships result in mutual benefits. In this context, he argues that it is useful for managers to understand the attitudes and expectations buyers and sellers bring to their 'partnerships'. The way both buyers and suppliers 'perceive' one another has been central to studies assessing the barriers that exist in such relationships. For example, Lascelles and Dale, in a study of 300 UK based suppliers to three automotive companies, identified poor communication and feedback as barriers to successful supplier development (Lascelles and Dale, 1991). They cited the buying firms' inability to communicate product requirements as evidence of poor communication and feedback. Moreover, they noted that buying firm representatives often believed their communication with suppliers was two-way, while supplier representatives perceived the communication primarily as one-way directives from the buying firm.

Landeros *et al*. (1995) argue that many buyer-seller relationships do not reach their full potential because of actions taken or not taken by the partners – while some partnerships are doomed to failure from the beginning, many fail because of the partners do not have a process established to maintain the relationship. In light of this, they offer a model for developing and maintaining buyer-supplier relationships. Landeros *et al*. (1995) argue that the source of problems in partnerships can be traced back to the *partnership environment* – changes in any component of the environment can affect expectations or perceptions of performance, and require adjustment by the buyer, the seller, or

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both to maintain a viable partnership. The partnership environment is made up of a number of different factors:

- External elements – i.e. economic, climate, social, technological, government, competition.
- Demand base – i.e. entrants of new firms in the demand base, exiting of existing firms, increasing/decreasing purchases by firms in the demand base. Increasing/decreasing sales by firms in the demand base.
- Supply base – i.e. entrance of new firms in the supply base, exiting of existing firms, increasing/decreasing purchases by firms in the supply base, increasing/decreasing sales by firms in the supply base.
- Buyer and seller – strategic intent, strategic match.
- Partnership – Performance problems, change of key personnel, organisational socialisation (e.g. setting up relationships amongst members, establishing the partnership team's importance).

Landeros *et al*. (1995) state that there are four stages to developing partnerships:

1. Buyer's Expectations – For a seller to become a contributor to a buying firm's competitive posture, it is imperative that buyers consciously formulate and develop expectations of performance and contributions the partner will make to the buying firm's competitive position. Unless these expectations are clearly communicated to a prospective partner, a great potential exists for misperceptions by either party.
2. Seller's Perception – A seller's perception and knowledge of its targeted customers' needs should drive its operational and strategic decisions. Additionally, a clear perception of a buyer's needs and expectations facilitates a seller's response to a proposal request. However, in today's business environment of shifting priorities,

numerous false starts and conflicting communications, sellers often lose sight of buyer's expectations. This lack of understanding can have a detrimental affect on the proposal developed, negotiations conducted, and the performance execut3ed by the seller during the critical period of relationship development. The seller's perceptions of a buyer's expectations are partially based on communications, history or experience, and the buying firm's credibility.

3. Mutual Understanding and Commitment – Awareness and detailed knowledge of each partner's requirements and expectations are necessary to achieve a mutual understanding of performance requirements for a partnership. The parties must express a genuine commitment to the relationship and a corresponding desire to work toward its continuous improvement.

4. Performance Activity - during this culminating stage of the partnership, the roles of each participant usually become firmer and clearer. As each firm successfully fulfils its responsibilities, the original expectations usually are reinforced leading to the development of satisfaction and mutual trust. However, failure to adequately discharge one's responsibilities can create a performance deviation that may result in dissatisfaction, and if left unresolved, might threaten the viability of the partnership.

Given the growing trend of partnering and the subsequent importance that has been placed on the buyer-supplier relationship, several studies have analysed these relationships. Trust is inevitably mentioned as an important variable in the development and maintenance of relationships (Smeltzer, 1997). For instance, Ellram (1995) determined the average ratings of factors leading to ineffective partnerships. Lack of trust was ranked by the buyers as the third highest out of nineteen factors, while the supplier ranked lack of trust as the fourth highest factor. Trust is seen as a critical component in buyer-seller relationships (Ellram, 1991). In fact, trust has been said to be the 'binding force in most productive buyer-seller relationships' (Hawes *et al*. 1989).

Although trust is frequently mentioned in discussions about buyer-supplier relationships, it is seldom defined. Several researchers have made tentative attempts to define trust. Ring and Van De Ven (1994) state that two views on trust can be found in management and sociology literature:

1. A business view based on confidence or risk in the predictability of one's expectations.
2. A view based on confidence in another's goodwill.

In the risk-based view of trust, parties hedge against uncertain states of nature, adverse selection, and ethical hazard through formal contractual means, and laws. The second view of trust emphasises faith in the moral integrity of others goodwill. Other researchers have put forward the following definitions of trust:

'Trust is the expectation by one person, group, or firm of ethically justifiable

behaviour – that is, morally correct decisions and actions based

upon ethical principles of analysis – on the part of the other person, group

or firm in a joint endeavour or economic exchange'.

Hosmer (1995:379)

'Trust is an exception that alleviates the fear that one's exchange

partner will act opportunistically'.

Bradach and Eccles (1989:97)

'Trust and similar values, loyalty, or truth telling are examples of

what an economist would call "externalities." They are commodities;

they have real practical value; they increase the efficiency of the system,

enable you to produce more goods or more of whatever values you hold in

high esteem. But they are not commodities for which trade on

the open market Is technically possible or even meaningful'.

Arrow (1974: 21)

Finally, Smeltzer (1997:41) points to the following characteristics which make up a trustworthy buyer-supplier relationship:

➢ Does not act in a purely self-serving manner.
➢ Does not change supply specifications, standards, or costs to take advantage of other parties.
➢ Accurately discloses relevant information.
➢ Generally acts according to normally accepted ethical standards.

A considerable amount of research has been conducted assessing the interpersonal factors which promote trust and cooperation within trading relationships (for example see, Ring and Van de Ven, 1994: and, Smith *et al*., 1995). Spekman and Salmond (1992) conclude that each side in a buyer-seller relationship responds based on their own intentions, and on how they interpret both the relationship and the other party's perception. Researchers in this field acknowledge that exchange partners bring different perspectives to their relationships (Anderson and Narus,

1990; John and Reve, 1982; and Salmond, 1987) – what is sought in terms of benefits may be different for buyers versus suppliers since each side has very different roles and functions.

Smeltzer (1997) argues that corporate image, identity, and reputation are at the origin of supplier-buyer trust. He argues that any analysis of supplier-buyer relationships that do not include identity, image, and reputation are severely limited, and explains that trust or mistrust occur because of these concepts. Smeltzer (1997) provides the framework below (see Figure 1) to help us understand the relationship among these four variables: trust, identity, image and reputation. He concludes that identity is important for buyer-seller relationships because identity indicates what managers believe is central, distinctive, and enduring about their organisation. In some organisations, open communication and other characteristics that lead to trust may be a central value, whereas in other organisations such values may not be central. Image is important because it indicates how members of an organisation feel others perceive their organisation – that is, I believe that others believe I cannot be trusted, therefore, I will behave accordingly. Finally, reputation is what others actually believe about an organisation – it either can or cannot be trusted.

In his study, Smeltzer (1997) points out that trust is a difficult concept for purchasing managers to discuss when trying to articulate their thoughts about trust in buyer-supplier relationships. One reason for this is that trust is difficult to define, and because of this it is difficult to measure. Accordingly, the concept of trust is not frequently mentioned in text books and little research has been done on it. Simply stated, managers have not been encouraged to think about trust even though it is an important concept in buyer-seller relationships.

Figure 2: Trust as a Mediating Variable (Smeltzer, 1997:44)

Supplier's:

- Identity
- Image
- Reputation

TRUST

What

Purchaser

Purchaser's:

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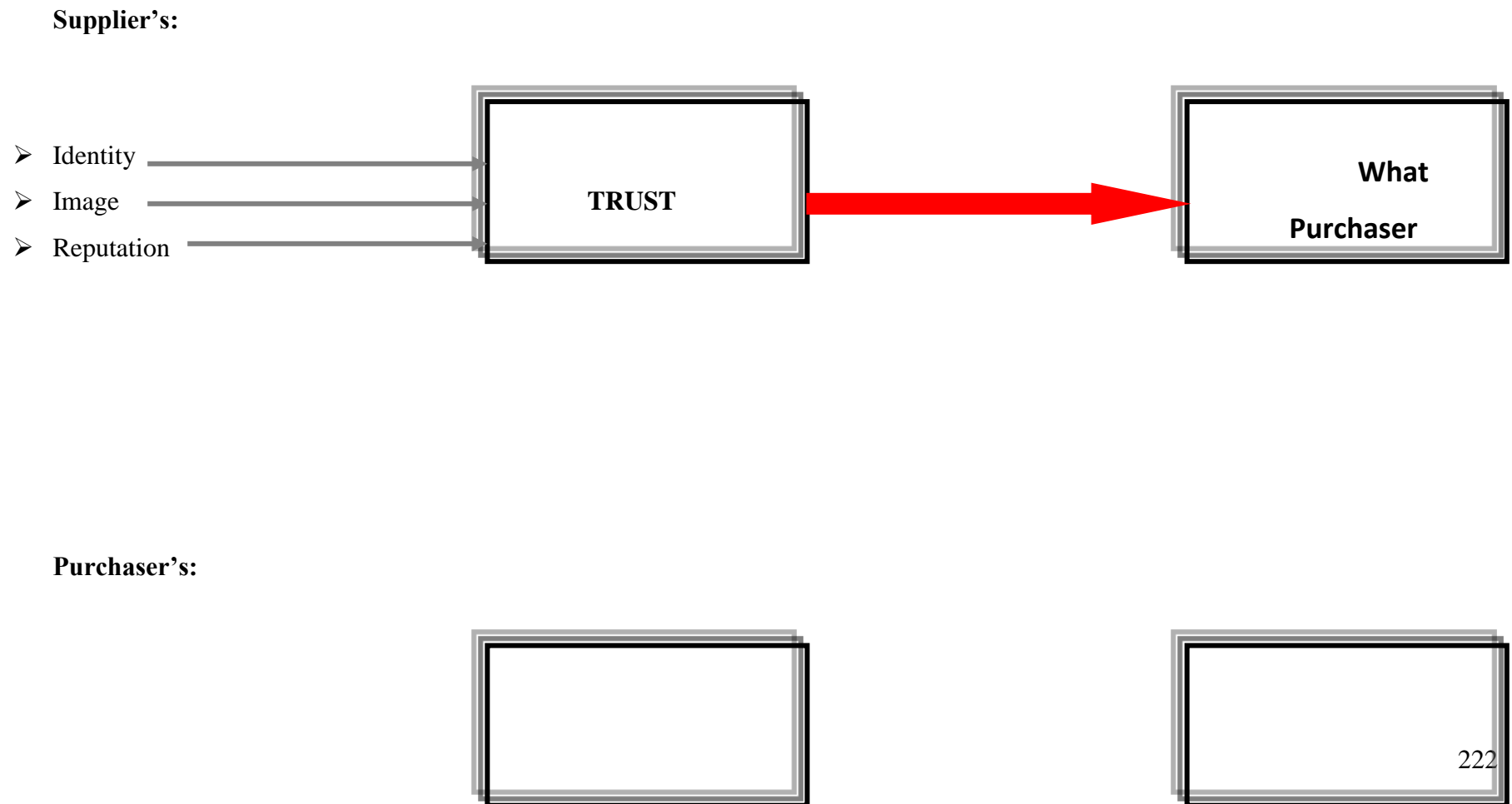
- Identity ————————→
- Image ————————→ **TRUST** ━━━━━━━━━━━▶ **What**
- Reputation ————————→ **Supplier**

Buyer-Minority Supplier Relationships

The academic literature that specifically focuses on 'buyer-minority supplier relationships' is relatively sparse in comparison. Much of the research published in this arena suggests that minority suppliers face many problems that are unique to their special status, while also facing many of the same problems that confront non-minority suppliers. Recent studies regarding buyer-minority supplier relationships focus on four primary themes:

1. The evolution of the so-called 'corporate social conscience'.
2. Reviews of corporate purchasing practices.
3. Comparisons between minority businesses and non-minority businesses.
4. Discussions of public policy relating to equality of opportunity.

Barriers to Successful Buyer-Minority Supplier Relationships

In the US, Minority Supplier Development (1995) found that some companies have been hesitant to purchase from minority businesses due to a perception that these businesses are unable to acquire a sufficient amount of commercial insurance, sell inferior products, and hire poorly trained employees. This mindset has contributed to perpetuating a negative image regarding the minority supplier's credibility, business skills, and the ability to participate as a supplier.

Other studies also support the hypothesis that minority businesses have to work harder at creating a trusting environment. Ketchum *et al*. (1990), for example, examined variables that inhibit relationships between women-owned businesses and buyers. The findings revealed under-capitalisation, a hostile working environment, poor communication, and high transaction costs inhibited the growth of these relationships. Other findings were corporate purchasing personnel had a lack of confidence in the owner's managerial skills and the ability to provide technical support. The women-owned businesses perceived corporate

purchasing personnel as uncooperative in scheduling meetings regarding purchasing opportunities. In an earlier study, Guinipero (1980) examined how successful corporate minority business programmes are formulated. He concluded that these programmes can be improved by reducing transaction costs, improving negotiation processes, enhancing communication, and setting up timely payment schedules.

The problems coming from supplier-base downsizing have also been reported to impact minority businesses in a negative way. For example, Purchasing (1995) reports that minority-owned businesses have been affected by many business enterprises that are trying to reduce the number of suppliers with which they deal. Such a trend has decreased the amount of business being directed to minority-owned business in the US and could threaten the survival of many such firms. Relating specifically to the construction industry, Rahman *et al*. (2004) note:

'Construction industries worldwide have been pushed and pulled, either explicitly or implicitly, towards a major cultural shift for improved efficiencies through collaborative approaches such as partnering. This has been mainly envisaged between the two principle contracting parties: clients and "large" contractors'.

Rahman *et al*. (2004:1)

Rahman *et al*. (2004) go on to highlight that small and medium sized contractors form the backbone of the construction industry, in terms of their number and share in the industry, the workforce they employ, job opportunities they create, and the amount of work they carry out. Therefore, competitiveness of the construction industry, arguably, depends on the efficiency and productivity of the small-medium enterprises (SMEs). Yet they are frequently ignored in attempts towards construction industry development. For example, team-working in construction projects (e.g. through partnering) are usually mainly considered between clients and the main contractors, although these bigger contractors

employ SMEs through sub-contracts. Ignoring the important role SMEs place (and minority businesses fall within the category of SMEs), this further exemplifies how contracting opportunities may be difficult for minority business owners to access.

In the US, Pearson *et al* (1993) researched the challenges and approaches to purchasing from minority-owned firms – they identified areas where substantial disagreement exists between corporate buyers and minority suppliers over the major impediments that affect the buyer-minority supplier relationships. Amongst other issues, this study indicated that large purchasing organisations saw the undercapitalisation of many ethnic businesses and the lack of availability in specialist areas as key impediments to supply base diversification. For organisations seeking to incorporate ethnic minority businesses into their supply chain, the problem of accessing such businesses can be substantial (Giuinipero, 1980; Ram and Smallbone, 2003). Other research has shown that large corporations using supplier diversity as a strategy often find it difficult to obtain quality minority businesses to source from (Shah and Ram, 2006). If one looks at the latest statistics in relation to the very low number of minority businesses operating in the construction industry (highlighted earlier), this could be one factor which explains why large construction companies say they find it hard to source minority businesses (as found during Document Three). A related issue is whether minority businesses have the capacity to meet the requirements of larger companies. In the US, this was a problem that was invariably encountered by corporations in the initial stages of developing supplier diversity programmes (Giunipero,1981).

Giunipero (1980) examined minority business performance from the perspective of the purchasing manager. The buyers in this study reported that minority business performance is lower in all areas of comparison, especially in the areas of managerial and technical expertise. In addition to lower performance, buyers noted that finding qualified minority businesses (with adequate capacity and competitive prices) is a substantial hurdle. Giunipero (1980) suggests a

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proactive approach to supplier development that involves technical, managerial, marketing, and financial assistance to help minority businesses overcome their performance problems.

Adober and McMullen, (2007); Pearson *et* al. 1993; Ram and Smallbone. 2003; Shah and Ram, 2006; and, Worthington *et al*. 2007, are some of the researchers which have identified the pressing challenges that face minority business owners when trying to compete with larger suppliers for contracts. Such challenges include:

> ➤ Supply chain rationalisation has resulted in a severe downsizing of the supply base and a preference of corporations to rely on a few preferred suppliers, often at the expense of minority businesses.
> ➤ Since companies are buying from fewer suppliers, the average contract sizes are increasing and this makes it difficult for minority businesses to compete.
> ➤ Higher quality standards may cause problems for minority businesses because higher quality standards require minority businesses to invest in upgrading their operational capabilities.
> ➤ Greater use of electronic ordering may pose some obstacles to smaller minority businesses that are competing with larger contracts.
> ➤ The use of modern production systems such as Just-In-Time (JIT) delivery systems means that corporations become even more dependant on a few suppliers.

In a report assessing the potential for supplier diversity as a means of promoting diversification among ethnic minority businesses in the UK, Ram *et al*. (2002) highlighted a number of barriers that informants perceived minority businesses face in the procurement process. These included:

- ➢ Discrimination, particularly in the construction industry.
- ➢ Size related constraints that include limits placed by many public sector bodies on the proportion of a firm's total sales that an individual contract can represent.
- ➢ A lack of information about potential ethnic minority business suppliers on the part of purchasing organisations, as well as of supply opportunities by potential suppliers.
- ➢ The procurement practices of many local authorities, which are often conservative, following bureaucratic rules.
- ➢ Tendering practices that are overly formalised, deterring ethnic minority businesses and very small firms.

<div align="right">Ram et al. (2002:6)</div>

The authors go on to argue the policy implications of their research findings and state:

> '*...if supplier diversity is to be used to help ethnic minority*
>
> *businesses diversify into higher value added activities, there is a need for targeted initiatives in areas of high ethnic minority business*
>
> *concentration (e.g. construction and regeneration projects) and target participation rates for ethnic minority businesses in public*
>
> *sector procurement programmes more generally'* .

<div align="right">Ram et al. (2002:9)</div>

.

Studies in the UK which relate specifically to the construction industry (such as: Harrison and Davies, (1995); Sodhi and Steele, (2002); and Steel and Sodhi, (2004) conclude that ethnic minority run firms are finding difficulties in entering an important competitive market for their services, where the dependence of large construction companies on well-established contacts with white-run firms could constitute an indirectly racist practice. The size and resources of the minority firm, coupled with the large construction companies' procurement procedures, bureaucracy, and the lack of external monitoring, are further barriers that have been identified. However, there are also studies which conclude that minority businesses do not face problems which are unique to their minority status. For example, we saw earlier that the development and conceptualisation of the literature on 'trust' within the field of buyer-seller relationships is one strand of research that has been explored in great detail forming a central issue in determining how exchange relationships are built. Within this literature, Swearingen (2001) reports:

'The nature of exchange relationships has taken a new focus due to the growth of the global economy, the development of strategic partnerships, the reduction of supplier bases, the repeal of affirmative action laws, and the emphasis of diversity in the workplace. Since internal as well as external business environments are changing, it is important that minority owned firms devise business strategies that will enhance trusting exchange relationships with purchasing personnel'.

Swearingen (2001:91)

Recognising that no research had been established to determine what factors contribute to building trust between a minority business and the purchasing manager, Swearingen (2001) sought to address this in his study where he hypothesised that greater perceived trust would influence the likelihood of a minority or non-minority supplier receiving government business, and further hypothesised that the minority supplier would have to develop a greater degree of

trust than a non-minority supplier to receive government business. The findings revealed that trust does appear to be a significant factor in determining whether a minority or non-minority supplier receives business, however, there appeared to be no difference between the amounts of trust a minority versus a non-minority supplier had to establish to receive contracting opportunities.

Comparisons of minority businesses and non-minority businesses have been performed in the US to justify preferential policies for minority businesses and to understand the competitive environment encountered by minority business firms. Enz *et al*. (1990) examined the value orientations of minority business enterprises and small business firms. Minority business owners were found to place significantly greater emphasis on six value orientations: collectivism, rationality, materialism, duty, novelty, and power. Minority business owners also demonstrated higher levels of value similarity with their primary customers. Thus, the researchers concluded that minority businesses appear to be aligning their organisation-based values to those of their customers as a means of building trust and reducing uncertainty; that is, to overcome the barriers to building strong buyer-supplier relationships.

Scott (1983) used a large-sample method to compare the financial performance of minority businesses and non-minority business enterprises. The study results indicated that there is no pervasive statistical difference in performance between minority businesses and non-minority businesses in terms of profitability, liquidity, or indebtedness. Scott notes that the sample was drawn from a Dun and Bradstreet database, which typically consists of 'more mature and viable minority firms whose performance characteristics were largely unobserved in previous research'. Similar results were found by Bates and Furino (1985), who report that (1) minority businesses are increasingly viable in a wide array of industries (2) access to credit markets has been very beneficial to minority business enterprise development, and (3) minority businesses generally earned higher returns than their non-minority counterparts.

Dollinger and Daily (1991) focussed on buyer-supplier relationships from the perspective of both the buyer and the minority business owner. The theoretical foundation used for this extensive study was transaction cost economics. The findings revealed that the costs of a 'hostile' environment as well as the costs of opportunism are the principal impediments to establishing strong relationships. Minority businesses reported that the complexity in doing business with large firms represents the greatest hurdle to strong relationships. By contrast, the buyers in this study emphasised the scarcity of qualified minority suppliers as a major hurdle. Furthermore, the researchers concluded that significant differences exist between minority businesses and small business enterprises, suggesting that minority businesses face two types of challenges: size-related challenges and minority-related challenges. More recently, Purchasing (1997) reports one of the most important changes and yet least noticed changed is the way minority and women-owned businesses have begun looking at themselves. Traditionally, all minority businesses tended to be treated as start-ups, so much so that not enough thought was given to what is needed to maintain a business through a succession of business cycles and what is needed to prepare for future growth. However, far more complex issues are facing minority businesses now than ever before. As they look past the fairly primitive structures of their start-ups and begin to consider consolidations, joint ventures, and quantum expansions many run into a whole new array of problems.

SUPPLIER DIVERSITY

The concept of diversity management has emerged as a widely debated and increasingly important topic for organisations over recent years – it has been discussed both as an ethical issue, as well as a strategic issue where arguments have been put forward for the business case. Many researchers have argued that managing diversity will become increasingly influential in the UK (Kandola and Fullerton, 1994b; Iles, 1995; IPD, 1996; Wilson and Iles, 1999), with awareness of this concept becoming more widespread and enthusiasm for diversity management increasing fairly rapidly (Mavin and Girling, 2000). It is now common practice in the US and evidence suggests that it is becoming a powerful influence in Canadian (for example, see Taylor 1995; Lynn 1996) and British (for example, see Littlefield, 1995; Iles, 1995; Watson, 1997) organisations.

Kochan *et al.* (2003) tested various arguments regarding the business case for diversity and concluded that they found few positive or negative direct effects of diversity on business performance. They suggest a more nuanced view of the business case for diversity may be appropriate and state that the simplistic business case of the past is simply not supported in their research.

> *'Those who want to invoke a business case to advance the cause of diversity need to modify the way they frame the argument. They should start by recognising that there is virtually no evidence to support the simple assertion that diversity is inevitably either good or bad for business. Based on our findings, we propose a more nuanced view, which focuses on the conditions that can leverage benefits from diversity or, at the very least, mitigate its negative effects.'*

> Kochan *et al.* (2003:18)

In looking beyond the business case, Kochan *et al.* (2003) believe that diversity professionals, industry leaders, and researchers might do better to recognise that while there is no reason to believe diversity will naturally translate into better or worse results, diversity is both a labour market imperative and societal expectation and value. Therefore, managers might do better to focus on building an organisational culture, human resource practices, and the managerial and group process skills needed to translate diversity into positive organisational, group, and individual results.

The Notion of Supplier Diversity

The notion of supplier diversity is one example of diversity management which has recently found its way into the UK market. By way of contrast, studies pointing to a case for diversity within the supply chain are relatively limited compared to those which make a case for workforce diversity and for diversity management, and the majority of these studies are based predominantly on the US experience. Already a well established concept in the US public sector, supplier diversity has become an important part of supply chain management in corporate America. Adobor and McMullen (2007) define supplier diversity stating:

'Supplier diversity involves the purchasing of goods and services from

businesses owned and operated by visible minority groups'.

Adobor and McMullen (2007:219)

The majority of recent studies go to some length to highlight how in large part, supplier diversity has become increasingly prominent as firms have recognised the economic benefits of broadening their supplier base to include minorities - see for example: Adobor and McMullen, (2007); Ram *et* al. (2002); Ram and Shah, (2006); Ram and Smallbone, (2003); Worthington *et al.* (2006);

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Worthington *et al*. (2007). Greer *et al*. (2006), also emphasise the important role supplier diversity plays as:

'A strategic initiative designed to combat economic

disparity in disadvantaged communities'.

Greer *et al*. (2006:8)

Greer *et al*. (2006) place emphasis on the important role that diversity practitioners can have in supplier diversity programmes if they expand their roles as strategist, educator and researcher, and point to three possible primary goals that make a case for companies to implement supplier diversity:

1. Opportunity i.e. spending/contracts, fair treatment, recruiting, interfacing, status reporting and analysis, and database management.
2. Development i.e. mentoring, education, training, and cultivating long term relationships.
3. Social responsibility or corporate citizenship i.e. outreach and community involvement.

Reese (2001) presents a similar argument and states that supplier diversity programmes enable large firms to buy from a rapidly growing segment of the population, and partnering with minority-owned firms is one way to learn about minority consumers. Carter *et al* (1999) also illustrate this point highlighting that there has been a growing recognition in the USA over the years, accelerated by changing demographics that the support of minority businesses can result in job creation and economic development in decaying urban neighbourhoods, which can in turn lead to a larger customer base for the buying organisation's goods or services. There is also clear evidence that as minority businesses become economically successful, neighbourhoods, cities, and even the entire nation

benefits from that success. Carter *et al* (1999) conclude that purchasing managers are increasingly coming to accept that such programmes can have positive spin-offs that go beyond just window dressing for public relations purposes.

Levinson (1980) used a historical approach to evaluate the evolution of minority business assistance programmes. The transition from administrative programmes based on racial and ethnic standards to statute-based programmes that focus on 'social and economic disadvantage' is viewed favourably. Levinson concluded that these new statutory programmes will better assist those minority businesses truly in need of assistance and lead to the enhancement of the general economic welfare of the nation. Bates (1985) looked at the impact of preferential procurement policies on minority businesses and suggested that efforts to help marginal minority businesses are largely ineffective and that more emphasis should be placed on 'stronger and better managed minority firms'. Bates further states that preferential policies are beneficial in removing traditional barriers to minority business participation in the economy and reducing the costs of transition to a less discriminatory economy.

Supplier diversity in the UK

In the UK context, the notion of supplier diversity, until very recently, has attracted little academic attention. Recent studies, for example by Ram *et* al. 2002; Ram and Shah, 2006; Ram and Smallbone, 2003; Worthington *et al*. 2006; and, Worthington *et al*. 2007 appear to be key drivers of both the increasing academic and commercial attention to this debate. However, there are no studies currently within this field which focus specifically on the construction industry.

Worthington *et* al. (2007) for example, adopt a case study approach to examine what drives organisations to engage in socially responsible purchasing initiatives. The authors identify legislative and policy developments, economic imperatives, stakeholder pressures and ethical influences as forces shaping organisational responses, thus forming their case for supplier diversity within the organisations interviewed. Ram and Smallbone (2003) argue that supplier

diversity initiatives play a crucial role in providing greater market opportunities for ethnic minority businesses in the UK because it provides them with the ability to identify and exploit opportunities in mainstream business and public sector as well as consumer markets, thereby allowing them to diversify out of traditional low value added activities.

The Drivers of Supplier Diversity

In taking a broad overview of the current literature available in this field, it can be concluded that there are several factors which act as drivers for organisations who implement supplier diversity in countries such as the US and UK (amongst others). These driving factors which make a case for supplier diversity can be summarised through categorisation into the following areas and are discussed in further detail below:

- Legislative framework
- Corporate social responsibility (CSR)
- Economic benefits
- Commercial benefits
- Customer demography
- Business demography

Legislative Framework

In the United States, supplier diversity initiatives aimed at ethnic minority businesses have a relatively long history, dating back to the later 1960s and early 1970s. Born out of the racial troubles of the period, these initiatives were encouraged and supported by a legislative framework designed to promote greater civil rights through a policy of 'affirmative action', where the aim is to compensate for past discrimination by having 'set-asides' for disadvantaged groups. In the field of public sector procurement for example, public sector bodies are now legally required to buy 25% of their goods and services from 'diverse' suppliers: ethnic minorities, women, the disabled, war veterans, gays or lesbians.

In contrast, in the UK (and Europe generally) no such legislative framework currently exists, the emphasis being on competition rather than affirmative action. Instead of promoting equality of 'outcome', the focus in the UK is on 'equal

treatment' with national and EU competition rules based around principles of non-discrimination, equality of opportunity, transparency and competition (Ram and Smallbone, 2003). The recently amended Race Relations Act (2002) for example gives public authorities a statutory duty to promote racial equality and requires them to prevent unlawful discrimination in areas such as service delivery, employment practice and other aspects. While the act does not refer specifically to procurement practices, it does outlaw the practice of showing favour, on racial grounds, to one group of potential suppliers to the disadvantage of others. As a result of this legislation, there is great emphasis, particularly in the public sector, on organisations to demonstrate equality of opportunity in their procurement function, thus contributing towards the case for supplier diversity in this arena.

Corporate Social Responsibility

In addition to government and market influences, organisations also face pressures from their stakeholders (this was also a key finding which unfolded during the research carried out for Document Three in the construction industry). Governmental pressures have proved critical in the development of supplier diversity initiatives in the US and this has frequently helped to stimulate demands from other groups and interests in American society (Dollinger *et al*. 1991).

Spratlen (1979:32) states purchasing from minority-owned businesses *'links effective purchasing with company social responsibility'* and is an underused and important source of competitive advantage. More recently, Ram *et al*. (2006) state that given the growing demands on organisations to become more socially responsible, businesses and other bodies will need to engage more readily with the corporate social responsibility agenda and to demonstrate increased levels of social performance. Organisations have been and will continue to be increasingly

subjected to public scrutiny of their actions, practices, policies, and ethics. Criticisms of business and calls for better corporate citizenship have been the consequences of the changes in the business-society relationship, where corporations are now expected to behave ethically to all their stakeholders. As corporate social responsibility moves steadily up the public and political agendas, organisations will be called upon to demonstrate their social credentials in a variety of areas. Procurement professionals can make an important contribution in this area, by considering the ethical dimension of purchasing decisions and the opportunities available to enhance the organisation's reputation and good will through building a more diverse supply base (Worthington *et al*. 2007).

Worthington *et al* (2006) argues that in essence, from the buyer's point of view supplier diversity programmes in the UK do not seek to positively discriminate in favour of specific types of businesses (e.g. based on the size of the firm, the gender or ethnicity of its owner), rather they aim to 'level the playing field' so as to allow all firms to have an equal chance of gaining an order. Defined in this way the idea of supplier diversity clearly fits well with current debates and policy preferences in the UK. The authors illustrate this by highlighting the following points:

➢ It can be seen as an integral part of the corporate social responsibility agenda.
➢ It has resonance with current government policies to promote equal opportunities, greater social inclusion and good race relations.
➢ It helps to further the idea of 'think small first' in respect of supply chain relationships developed within the public sector.
➢ It can contribute to the long-standing practice of encouraging local economic development through the use of the procurement process.

Economic Case

As far as the economic case is concerned, a number of arguments have emerged including the notion that supporting minority businesses can result in job creation and economic development in decaying urban neighbourhoods, which can in turn lead to a larger customer base for buying the organisation's goods or services (Giunipero:1981). Supplier diversity is playing a bigger role in corporate America as a result of the changing demographics. During 1999, it was reported that the United States is facing serious growth gaps:

'Economic growth cannot be sustained without the inclusion of minority businesses and an infusion of capital into those businesses. Absent broad-based institutional investor participation in minority and immigrant business communities – soon to be the new majority of businesses – continued growth in the American economy is impossible, affecting not just minority businesses but putting the nation's macro economy at risk'.

Yago and Pankratz (2000:3)

Minority-owned firms in the US are surpassing the growth of all businesses, growing at a rate of 17 percent per year, six times the growth rate of all firms. Their sales are growing 34 percent per year – more than twice the rate of all firms. They are experiencing higher rates of population growth than whites, and by 2050, minorities are projected to comprise almost 50 percent of the U.S. population (Yago and Pankratz, 2000).

Minority businesses are a driving force behind growth and will be a major segment of the U.S. economy in the 21st century as a transition to a more diverse demographic majority emerges. The minority business community is growing, profitable and free of the risk inherent in more distant markets. Failure to invest in this business sector will lower productivity and likewise act as a brake in the economy.

Yago and Pankratz 2000:6

A similar picture can also be described for the UK with developments in the UK's diverse community – this is discussed in further detail in the section titled 'Customer Demography' below.

Commercial Benefits

There is a trend occurring in the commercial world amongst companies that are seeking to develop the diversity agenda in respect of their supply chains. Whereas previously, this type of news would have been filed under the 'social good' banner, corporations that seek out such business relationships see financial benefits too. For example, new research from Atlanta business consultant Hackett Group shows that companies that 'focus heavily on supplier diversity' generate a 133% greater return on procurement investments than the typical business (Jones, 2006:3).

In a report produced by Worthington *et* al. (2006) for the Chartered Institute of Purchasing and Supply, the authors make a case for supplier diversity in the UK stating the numerous commercial benefits that organisations can obtain. Such benefits include:

➢ *New procurement and sales opportunities* - Currently many minority businesses buy and sell within their own ethnic communities. For organisations outside those communities such co-ethnic trading can represent an untapped source of supply and/or sales which ultimately could provide a means of adding value through the supply chain.

➢ *Increased commitment, flexibility and security* - The vast majority of minority businesses are small enterprises. For such businesses, orders from large corporate bodies can represent a significant share of their turnover and this is likely to encourage greater commitment and enhanced levels of service. Broadening the supply base can also provide an organisation with greater flexibility in its procurement decisions and can enhance its security in the event of supply chain problems or crises.

➢ *Sources of innovation and cost competitiveness* - Sourcing from minority businesses can also bring value and innovation to the supply base. Having a more diverse range of suppliers may open up the possibility of innovative

and/or cost effective solutions that might help to provide an organisation with a strategic advantage either through differentiation or cost leadership. For public sector bodies, engaging in greater supplier diversity could be consistent with 'best value' and could help to contribute to local economic development and growth.

➢ *Mirroring the customer base* - As globalisation helps to encourage greater customer diversity, sourcing from minority businesses can mean that an organisation's suppliers may more closely mirror its customer base.

➢ *Encouraging local economic development and growth* – Minority businesses are a critical element of the ethnic community and often of the wider local economy. They are an important source of employment and business opportunities within the ethnic community and help to stimulate local economic and social development and growth. By engaging with ethnic suppliers, larger organisations can help to improve the economic and social outlook of local communities thereby creating greater opportunities to supply goods and services to local individuals and organisations by boosting local purchasing power.

➢ *Developing the organisation's resource base* - It is argued that organisations which engage in socially responsible practices tend to enhance their resource base by creating goodwill in the community and by improving their reputation with key stakeholder groups, including customers and employees.
Risk reduction - The corollary to the previous point is that engaging in socially responsible procurement practices can reduce the risk of a negative response by important organisational stakeholders. It can also help to put the organisation ahead of any change in government regulations which could help to reduce the future costs of compliance.

➢ *Intelligent sourcing* - Given current trends in procurement, large organisations can become increasingly dependent on their suppliers, as power shifts to some degree from buyer to supplier. As indicated above, supplier diversity initiatives can provide new and innovative sources of supply that can reduce an organisation's vulnerability as it seeks to buy intelligently and cost effectively.

Customer Demography

Changing business and customer demography has also formed part of the context in which supplier diversity initiatives have emerged in the UK. It is estimated that there are around 130,000 ethnic minority owned businesses in the UK and that these represent around 7% of the total business stock. Moreover current business trends suggest that ethnic minority owned businesses will become increasingly significant in the UK in the coming years. A Bank of England Report in 1999 for instance, indicated that ethnic minority owned business start-ups occur at a higher rate (9%) than in the small firm population generally (5%). This figure seems destined to grow with the expected growth in the ethnic population.

As far as the demand side is concerned the minority population is the fastest growing segment in the UK and is projected to double in the next 25 years. Currently around 8% of the UK population is of ethnic origin, with 70% residing in urban areas. By 2011 it is estimated that ethnic minorities are likely to constitute the majority population in half of London's boroughs (Worthington *et al*., 2006).

Key aspects of the UKs growing ethnic and cultural diversity are illustrated by the following statistics:

➢ the ethnic minority population grew by 48% (from 3.1 million to 4.6 million) between 1991 and 2001

➢ this population is comparatively young, with 45% under 25 years old compared to only a third of the white population

➢ over half of all ethnic minorities live in Greater London and the South East, with other significant concentrations in large urban centres in the West and East Midlands, Yorkshire and the North West

➢ the majority of today's Black and Asian people were born in the UK and are increasingly second or even third generation UK citizens. Many are upwardly mobile with a high standard of education and rising disposable income.

Given these trends in the ethnic population, UK corporations are beginning to realise the economic power and influence of minorities and targeting the so-called 'brown £' is becoming increasingly important for some organisations' procurement policies (Worthington *et al*., 2006)

Business Demography

As with the US case, the UK has also experienced growth patterns in its minority business sector and such changes can clearly have important implications for supply chain development and sustainability. Over 99% of all businesses are small and medium-sized enterprises, with the vast majority employing fewer than 50 people. It is estimated that smaller businesses account for about 40% of all business turnover and about 45% of non-government employment (Barclays, 2005). Within the small firm community minority businesses are an important and growing sub-sector. It is estimated that there are around 130,000 ethnic minority businesses in the UK and that these represent around 10% of the total business stock. Ethnic minority business start-ups occur at a higher rate (9%) than in the small firm population generally (5%). This figure seems destined to grow with the expected growth in the ethnic population (Barclays, 2005). Women owned businesses have been emphasised as the most significant untapped enterprise asset that the UK possesses in terms of business start-up and ownership. Estimates suggest that women business owners contribute £50-70 billion in gross value added to the UK economy each year (Prowess, 2005).

The UK government has highlighted the need to drive and encourage more enterprise in disadvantaged communities and under-represented groups. The government's main objective here is to increase the overall rate of start-ups and growth. This objective forms part of a wider government agenda to address social exclusion, whether this is caused by lack of access, or lack of resources (SBS, 2003). For the UK government, addressing the needs of the SME sector is

considered important because small businesses are a key driver of economic growth, not just because they grow themselves but also because their dynamism stimulates competition and innovation throughout the economy as a whole (SBS, 2004).

Despite sustained economic growth, low inflation and falling unemployment, research shows that marked differences in levels of enterprise between and within UK regions have persisted. Regions and sub-regions differ significantly in their ability to develop local enterprise; there are marked disparities in rates of male and female entrepreneurship; and there are substantial variations in levels of entrepreneurial activity between different minority groups (SBS, 2003). The rationale for government activities to encourage more enterprise in disadvantaged communities and under-represented groups is underpinned by two inter-related government objectives:

- To correct for specific market failures.
- To ensure equality of opportunity.

The UK's construction industry is one example of an industry where it has been argued that such action is required. If the potential economic and social benefits of enterprise are to be fully realised, it is vital that all individuals in society have equal opportunities to contribute to and gain from the benefits of a strong small business sector. It is widely accepted, however, that without at least some intervention, the market cannot always be relied upon to deliver the most efficient, or socially desirable outcomes (SBS, 2003). Supplier diversity can be seen as a form of market intervention that could help achieve the desired positive economic and social outcomes.

<center>**Leveraging Supplier Diversity – The Challenges**</center>

Leveraging supplier diversity for corporate performance may be more difficult than it would first appear. Indeed, diversifying the supplier base seems to contradict recent industry trends, which have focussed more on consolidation and streamlining the supply base as part of overall supply chain rationalisation and weeding out suppliers that do not meet company needs (Adober and McMullen, 2007). In contrast, Giunipero (1981) examines supplier diversity from a different perspective but still focuses on issues surrounding the question of how to develop effective minority purchasing programmes – the findings in this particular study point to a positive correlation between firm size and supplier diversity activity.

Developing Successful Supplier Diversity Programmes

Having widely been accepted that there is a case for supplier diversity, numerous researchers have then gone on to conduct further studies aiming to identify what the characteristics and practices of successful supplier diversity programmes might include. Such studies include Dolinger *et al* (1991), who highlight the following key components which make up a 'good' supplier diversity programme:

> ➢ Monitoring applicants.
> ➢ Purchasing procedures.
> ➢ Bidding assistance.
> ➢ Trade fairs.
> ➢ A minority business database.
> ➢ Buyer training.
> ➢ Performance metrics.

Morgan (2002) found similar results stating that a well planned supplier diversity programme should include:

> ➢ A written minority business policy.
> ➢ Senior management support.
> ➢ Inclusion procedures.
> ➢ Programme goals.

- Minority business certification.
- Minority business database.
- Dedicated minority business staff.
- Second-tier supplier programmes.
- Performance measures/monitoring.
- Recognition programmes.
- Benchmarking.

Ketchum *et* al. (1990) state that corporate purchasing programmes could be improved by implementing educational programmes, certification guidelines, a disclosure of bids, and furnishing a materials list. Auskalnis *et al*. (1995) concluded that the most important factor for building a successful programme was corporate culture. Other factors that contributed to programme success were tracking purchases, attending trade fairs, having an in-house minority business coordinator, and offering supplier counselling services.

Carter *et al*. (1999) examined key success factors that contribute to successful purchasing from minority suppliers. The researchers utilised twelve case studies, focus groups, and mail questionnaires. The findings revealed top management's support was most important. Other important factors were communication, monitoring of purchasing from minority suppliers, and rewarding purchasing personnel for their efforts in seeking out minority businesses. Other researchers and reports which concluded similar results include Weaver *et al*. (2003), and Div2000.com(2001).

Overall, the majority of general consensus amongst researchers and practitioners of supplier diversity, is that an efficient supplier diversity programme can be a source of competitive advantage. Ireland *et al*. (2006:22) state however that:

'First, corporations must flesh out and formulate a clear vision

of what supplier diversity is supposed to accomplish. Any initiative that

sets forth such identification provides direction, stretches people,

and challenges them to work to declared goals'.

Ireland *et al*. (2006:22)

Supplier diversity in the UK Construction Industry

Industry Image

The Construction industry is renowned for its poor reputation for diversity (UMIST, 2004). In a recent study, Sodhi and Steele (2002) concluded:

'It is clear that discrimination is still very much in evidence

and this is particularly true of the construction industry'.

<div align="right">Sodhi and Steele (2002:13)</div>

Furthermore, industry statistics regarding the number of minority businesses paint a very bleak picture:

➢ Only 3% of sole traders in UK construction are non-white ethnic minorities.
➢ A mere 1% of sole traders in UK construction are women.

<div align="right">(CITB, 2004)</div>

These are extremely low figures if one considers the amount of small firm activity within the industry – the SME backbone of construction forms 75% of the industry (Harding, 2000). The industry is generally driven by single and unique projects, each creating and disbanding project teams made up of varying combinations of large and small firms from across the supply chain perspective. The scale of small firm activity in this collage of disjointed projects is considerable, with, in 1999, 99% of UK constructions firms having 1-59 staff delivering some 52% of the industry's workload (Sexton and Barrett, 2003).

Latham (2001) reported that construction in terms of the trades as opposed to professional roles is seen as being synonymous with lousy pay, dirty sites, cold and rain, no canteens, disgusting toilets, no pension, a macho culture and a poor safety record. More than this however, the CITB and Royal Holloway University of London (1999) report that:

'The industry is portrayed as being for white people only'.

In addition to this, studies by Somerville and Steele (1998) and Somerville *et al*. (2000) within the social housing sector report that the lack of senior ethnic minority role models can have a major impact on the ethnic minority communities' perception of the organisation and particularly the extent to which the organisation is characterised as being mono-culturalist. Reports by the CITB and Royal Holloway University of London (1999) on the experience of ethnic minorities in the construction industry found that racism is rife. The culture of the industry is widely regarded as one where jokes, banter and nicknames are commonplace – jokes are often made about colour, race, and stereotypes. Steele and Sodhi (2006) argue that such behaviour validates the image of the industry as one where racism is prevalent. Researchers have also found evidence that some ethnic minorities in the industry develop strategies for working with potential racists by avoiding situations where their ethnicity is obvious, for example, black managers often do the bulk of their selling by telephone or post, to establish a relationship before the customer is aware of their ethnicity (Boyal, 2007; Building, 1999; Sodhi and Steele, 2000).

Perceived Barriers to Contract Opportunities

There is very limited literature available that discusses issues surrounding managing diversity in the supplier base of large UK construction companies. What does exist however highlights that those ethnic minorities wishing to establish their own business come up against additional barriers which discriminate against minority businesses.

For example, Sodhi and Steele (2000) report that housing associations continue to appear under the spotlight for their inadequate action in complying with the statutory duty in relation to their contracting powers. The study found evidence of discriminatory practices as well as wider societal barriers. The study highlighted the following barriers:

➢ The 'old boys network' is still very much prevalent in the industry. Although virtually all housing associations in the study maintained an approved list of contractors and consultants, the main methods used to invite companies to apply to join the list mitigated against the promotion of equality of opportunity. Particular emphasis was given to inviting 'known' or 'recommended' contractors and consultants. With regards to the small percentage of associations that did advertise inviting contractors, only a minority advertised in the ethnic minority press.

➢ The amount of documentation that is required to be completed as part of the pre-qualification process is viewed by minority businesses as time-consuming and arduous. In the opinion of some minority businesses, the amount of detail required in pre-qualification questionnaires far outweigh the value of the contracts available.

➢ Many minority businesses lack the experience required in dealing with the bureaucracy involved. In addition to this, some minority businesses have language barriers to contend with.

➢ While the majority of minority businesses interviewed were registered on at least one approved list with a housing association, few of them had been approached to tender for work. Furthermore, where contracts had been won, they tended to be for the less lucrative repairs and maintenance work.

➢ Only two-fifths of housing associations had written and agreed criteria for the awarding of contracts. The view of many minority firms was that the whole process lacks transparency and is open to abuse and discretion: bribes and 'back handers' were believed to be relatively common place.

In addition to this, Harding (2000) cites a growing trend in the public sector, reinforced by recent government policy, to roll a number of contracts together in favour of the major contractors. Barlow *et* al. (1997) state that the move towards partnering and consortia approaches in the construction industry generally has not benefitted minority businesses. Harrison and Davies (1995) also found that only a small share of the economic benefits arising from housing association urban investment is finding its way to minority ethnic communities in

the form of building work commissioned from ethnic-run firms. The researchers argue that the implication here is that a significant form of public investment is failing to secure what might be thought of as value for money, in terms of facilitating inner city community economic development.

Few housing associations have recognised the potential of their purchasing power in terms of investment in construction and maintenance work in promoting equality or the business benefits of doing so. Steele and Sodhi (2004) argue there is a general lack of appreciation among housing associations of the importance of employing minority contractors and consultants from both an equal opportunity and a business perspective. It has also been argued that the vast majority of construction companies in the UK do not take the notion of equality of opportunity very seriously (Steele and Sodhi, 2006). Although 94.1 per cent of construction companies were found to have an equal opportunities policy (CITB and Royal Holloway London University, 1999), Steele and Sodhi (2006) highlight that these were very much characterised by what Tomlins (1994:27) refers to as 'paper policies', in that such organisations are more concerned with having policies in place and 'being seen to be doing something, rather than actually doing it' (CITB and Royal Holloway London University, 1999). In a more recent study, Steele and Todd (2005), state that the commitment of social housing agencies to equality of opportunity will be crucial to the success of the minority business sector. They argue that in view of the Race Relations (Amendment) Act 2000 and government guidance on equal opportunities, the housing association sector has still to fully recognise its influential role in this area.

Supplier Diversity Initiatives in the Construction Industry

The researcher found no evidence in the information resources available of initiatives that are in place in the form of programmes/projects/schemes, which have been created specifically to encourage supplier diversity in the construction housing industry. There are however two fairly 'young' organisations that have been set up to promote supplier diversity across all industry sectors, namely

'Minority Supplier Development UK (MSDUK)' (a not-for-profit corporate led organisation operating solely in the UK) and 'Supplier Diversity Europe (SDE)' (an organisation based in Brussels who have a wider geographical agenda covering Europe). Within this, I found only two construction companies who have joined such organisations in the hope to increase the diversity in their supply chain (namely, Lovell East Midlands and Frank Haslam Milan) - these two companies are actually companies that I recruited to the 'Supplier Diversity East Midlands' programme which is now formally known as MSDUK. I recruited these two construction companies when I was working as a researcher for CRÈME (the Centre for Research in Ethnic Minority Entrepreneurship, based at De Montfort University). I do believe however, that if I had not approached these construction companies and made them aware of such diversity initiatives, there is a good chance they may still to this day have not joined simply because the programmes may not have been brought to their attention (MSDUK and SDE have only recently been able to fund positions for individuals to actively seek out and recruit new corporations to their programmes, moreover, they would not be focussing specifically on the construction industry, therefore the chances of increasing awareness amongst construction companies would be slim).

So these are the only two companies I was able to find who are specifically engaged in supplier diversity initiatives in the construction housing industry. There are however several initiatives that have been set up aiming to encourage the number of ethnic minorities and women taking up career opportunities in the industry. Some examples include:

➢ A number of initiatives have been developed through government funded schemes, City Challenge schemes and housing to promote equal access and participation of ethnic minority people in employment on the projects. However, several of these initiatives have failed both in terms of attracting the appropriate calibre of trainees and also in not being able to secure full-time employment for the trainees upon completion of the project or training programme. A further criticism is that they failed to employ

sufficient numbers of local ethnic minority people, despite this being a requirement by the funding body.

➢ The CITB advocated a positive action approach through the use of targets for the representation of ethnic minority staff within the industry. In the summer of 2001, the CITB announced that it wanted half of those entering construction to be women and from ethnic minorities and, more specifically, set itself the target of attracting 10 per cent more Black and Asian recruits to the industry by 2002.

➢ A mentoring scheme has been launched by the equal opportunities pressure group 'Change the Face of Construction'. The scheme aims to support ethnic minorities in the construction industry by providing one-to-one sessions with a mentor to help with career development, and express hopes and fears.

(Steele and Sodhi, 2006)

The CITB and Royal Holloway University (1999) report that there is little evidence that construction companies are concerned enough about equal opportunities that they make it a core value by seeking to embed it within their organisational culture. They argue that in the absence of self-regulation, changes are only likely to occur if there are pressing financial reasons for doing so – achieving equal opportunities is not the main concern, making profits is the priority. This was a key finding during the research carried out for Document Three, and the researcher suggests that what we are actually faced with is an issue about communicating and educating buyers of the potential business benefits of supplier diversity. The researcher suggests that if one can demonstrate the business case for managing diversity in the supplier base to the construction industry, then individuals responsible for procurement will be more likely to take the notion of supplier diversity seriously in terms of going as far as investing the necessary resources required to implement a successful supplier diversity programme within their respective organisation.

METHODOLOGY

Why Quantitative Research?

It was noted during the production of Document Three that although conducting qualitative research has helped the researcher achieve a greater level of depth and detail than if she were to adopt quantitative techniques, the fact that fewer subjects were studied made the study more difficult to generalise. The qualitative methods adopted during Document Three allowed sensitive subjects to be approached in a sensitive way by allowing the researcher to employ personal skills to help lessen the difficulties of the subject matter. The methods adopted also helped to create openness and generated a new theory. The participants were able to discuss issues that are important to them, rather than responding to closed questions. As Kruger (2003) notes, one may have a better understanding by reading a descriptive passage than just looking at statistics. In contrast however, quantitative methods allow for a broader study, involving a greater number of subjects, and enhances the generalisability of the results. It is for this reason the researcher suggested at the end of Document Three that adopting such an approach for Document Four as a next phase approach might help further develop the subject of study for this DBA research.

What is Quantitative Research?

Bryman and Bell (2003) note that quantitative research is an approach that has been a dominant strategy for conducting business research, although its influence has waned slightly since the mid-1980s, when qualitative research became more influential. However, quantitative research continues to exert a powerful influence in many quarters. The authors describe quantitative research as:

'A very distinctive research strategy, entailing the collection of numerical
data and exhibiting a view of the relationship between theory and research as

deductive, a predilection for natural science approach (and of positivism in particular), having an objectivist conception of social reality'.

Bryman and Bell (2003:68)

Similarly, Harvey (2002:3) describes quantitative data as "data which can be sorted, classified, measured in a strictly 'objective' way – they are capable of being accurately described by a set of rules of formulae or strict procedures which then make their definition (if not always their interpretation) unambiguous and independent of individual judgements".

The Inquirer's World View

'The most relevant of the presuppositions that determine one's research perspective is that methodological issues must always be answered

within the context of a particular research setting. That is to say, methodologies are neither appropriate nor inappropriate until they are applied to a specific research problem. This perspective treats methodologies as tools of inquiry; each inquiry requires careful selection of the proper tools. Having the wrong tools for the task may be no better than having no tool at all.'

Downey and Ireland (1979:630)

Schools of Thought

Philosophers of science and methodologists have been engaged in a long-standing epistemological debate about how best to conduct research (Amaratunga *et al*. 2002). The term epistemology refers to beliefs about the way in which knowledge is construed (Tillai *et al*. 2002). As Deshpande (1983) highlights, generally one can distinguish between two research schools which are often thought to compete with each other – positivism and interpretivism – both schools

of thought rely on quite different assumptions about the nature of knowledge, and demand considerably different approaches to research.

The logical positivist/empiricist school is consistent with quantitative analysis, and the orientation is toward testing and validation of theories, constructs, and relationships (Reichardt and Cook, 1979). Positivist epistemology tries to understand a social setting by identifying individual components of a phenomenon and then explaining the phenomena in terms of constructs and relationships between constructs (Tillai *et al*. 2002). Among the major implications of this approach is the need for independence of the observer from the subject being observed, and the need to formulate hypotheses for subsequent verification (Amaratunga *et al*. 2002). Positivism searches for causal explanations and fundamental laws, and generally reduces the whole to simplest possible elements in order to facilitate analysis (Easterby-Smith, 1991; Remenyi *et* al. 1998).

The idealist/phenomenologist school is consistent with qualitative methods, and is orientated toward discovery, understanding relationships and building theory (Reichardt and Cook, 1979). This approach tries to understand and explain a phenomenon, rather than search for external causes or fundamental laws (Easterby-Smith, 1991; Remenyi *et* al. 1998).

Table 1 provides a snapshot of the summary outlined by Easterby-Smith (1991) showing the main differences between positivist and phenomenological viewpoints.

Table One: Key Features of Positivist and Realism Paradigm

Easterby-Smith (1991)

Theme	Positivist Paradigm	Realism Paradigm
Basic Beliefs socially of what by	The world is external and objective. Observer is independent. Science is value-free.	The world is constructed and subjective. Observer is part is observed. Science is driven human interests.

Researcher should meanings.	Focus on facts.	Focus on
what	Look for causality and	Try to understand
	fundamental laws.	is happening.
totality of	Reduce phenomena to	Look at the
	simplest elements.	each situation.
through	Formulate hypotheses	Develop ideas
data.	and test them.	induction from
Preferred method methods	Operationalising concepts	Using multiple
in the research different	so that they can be	to establish
phenomena.	measured.	views of the
depth or	Taking large samples.	Small samples
		investigated in
		over time.

Tillai *et al*. (2002) describe quantitative research as typically having a logical and linear structure, in which hypothesis take the form of expectations about likely causal links between the constituent concepts identified in the hypothesis. The description of the research strategy as 'quantitative research' should not be taken to mean that quantification of aspects of social life is all that distinguishes it from a qualitative research strategy. The very fact that it has a distinctive epistemological and ontological position suggests that there is a good deal more to it than the mere presence of numbers (Bryman and Bell, 2003).

I personally struggled very much with the production of this document for one particular reason – under 'normal' circumstances as a researcher, I would naturally have a choice in deciding which research method I feel appropriate and therefore will employ for carrying out a piece of research, and this would take into consideration issues surrounding one's epistemological and ontological position. I personally have a strong tendency towards an interpretivist epistemological orientation - I prefer to place an emphasis on meaning from the individual's point of view, and constructionist ontology - I believe in placing an emphasis on viewing the social world as the product of individuals rather than as something beyond them. To elaborate further on this point, I find the summary provided by Gall *et al*. (1996) very helpful. In my view, it very 'neatly' highlights the differences between the assumptions made by both quantitative and qualitative researchers in an easy to convey manner. In reading this summary, I have to be quite honest and say that I find myself relating more so to the assumptions made by qualitative researchers as highlighted by Gall *et al*. (1996), than I do with the assumptions made by quantitative researchers.

However, the very nature of the DBA and the requirements for Document Four meant that my epistemological position in this particular study had already been decided for me. Notwithstanding this though, I did come around to the possibility that adopting a positivist position in this particular study is quite

relevant and would be an appropriate and useful tool of inquiry for me to employ - it would allow me to 'measure' the differences in the way both buyers for large construction companies and minority business owners differed in their views to the hurdles that exist to them both doing business, and it would allow me to do so on a wider scale using a larger population sample compared to that used for the study I conducted for Document Three, and thereby, hopefully would allow my research findings to be more generalised, and therefore of more use to stakeholders who have a vested interest in this subject area.

The following are the 13 differences which Gall *et al*. (1996:30) highlight about the assumptions made by both quantitative and qualitative researchers:

1. Quantitative researchers view causal relationships among social phenomena from a mechanistic perspective, while qualitative researchers assign human intentions a major role in explaining causal relationships among social phenomena.

2. Quantitative researchers assume an objective social reality, whereas qualitative researchers assume that social reality is constructed by the participants in it.

3. Quantitative researchers assume that social reality is relatively constant across time and settings, whereas qualitative researchers assume that social reality is continuously constructed in social situations.

4. Quantitative researchers take an objective view, detached stance towards research participants and their setting, whereas qualitative researchers become personally involved with research participants, to the point of sharing a caring attitude.

5. Quantitative researchers study populations or samples that represent populations, while qualitative researchers study cases.

6. Quantitative researchers study behaviour and other observable phenomena, while qualitative researchers study the meanings that individuals create and other internal phenomena.

7. Quantitative researchers study human behaviour in natural or contrived settings, while qualitative researchers study human actions in natural settings.

8. Quantitative researchers analyse social reality into variables, and qualitative researchers make holistic observations of the total context within which social action occurs.

9. Quantitative researchers use preconceived concepts and theories to determine what data will be collected, while qualitative researchers discover concepts and theories after data have been collected.

10. Quantitative researchers generate numerical data to represent the social environment, while qualitative researchers generate verbal and pictorial data to represent the social environment.

11. Quantitative researchers use statistical methods to analyse data, whereas qualitative researchers use analytic induction to analyse data.

12. Quantitative researchers use statistical inference procedures to generalise findings from a sample to a defined population, whereas qualitative researchers generalise case findings by searching for other similar cases.

13. Quantitative researchers prepare impersonal, objective reports of research findings, while qualitative researchers prepare interpretative reports that reflect researchers' constructions of the data and an awareness that readers will form their own constructions from what is reported.

Criticisms of Quantitative Research

Over the years, quantitative research along with its epistemological and ontological foundations, have been the focus of a great deal of criticism. Spokespersons of qualitative research in particular have criticised quantitative research in general as a research strategy; the epistemological and ontological foundations of quantitative research have been criticised; and criticisms of specific methods and research designs with which quantitative research is associated have been made. Bryman and Bell (2003) outline four criticisms in particular to provide a flavour of the critique of quantitative research. Briefly described, these are as follows:

1. *Quantitative researchers fail to distinguish people and social institutions from the 'world of nature'.* Phenomenologists charge social scientists who employ a natural science with treating the social world as if it were no different from the natural order. In so doing, they draw attention to one of positivism's central tenets – namely, that the principles of the scientific method can and should be applied to all phenomena that are the focus of investigation. This tactic is essentially to imply that this means turning a blind eye to the differences between the social and natural world.

2. *The measurement process possesses an artificial and spurious sense of precision and accuracy.* There are different aspects to this criticism. For one thing, it has been argued that the connection between the measures developed and the concepts they are supposed to be revealing is assumed rather than real. In addition to this, it presumes that when, for example, members of a sample respond to a question on a questionnaire (which is itself taken to be an indicator of a concept), they interpret the key terms in the question similarly. For many writers, respondents simply do not interpret such terms similarly. An often used reaction to this problem is to use questions with fixed choice answers, but this approach merely provides a solution to the problem of meaning by simply ignoring it.

3. *The reliance on instruments and procedures hinders the connection between research and everyday life.* Many methods of quantitative research rely heavily on administering research instruments to subjects (such as structured interviews and self-completion questionnaires) or on controlling situations to determine their effects (such as experiments). However, as Cicourel (1982) asks, how do we know if survey respondents have the requisite knowledge to answer a question or whether they are similar in their sense of the topic being important to them in their everyday lives? This is certainly a concern I had when devising the survey instrument for this research study – given that 'supplier diversity' is a term which is fairly new in the UK, I had to be mindful of this when deciding on how best to phrase the questions within the survey.

4. *The analysis of relationships between variables creates a static view of social life that is independent of people's lives.* Blumer (1956:685) argued that studies that aim to bring out the relationships between variables omit 'the process of interpretation or definition that goes on in human groups'. This means that we do not know what appears to be a relationship between two or more variables has been produced by the people to whom it applies. The meaning of events to individuals is ignored and we do not know how such findings connect to everyday contexts. In addition to this, it creates a static social world that is separate from the individuals who make it up. In other words, quantitative research is seen as carrying an objectivist ontology that reifies the social world.

According to Leminger (1985), quantitative research methods make an epistemological assumption that the social world lends itself to objective forms of measurement. Such stripping of data from their natural context poses questions about the reliability of findings, since random or accidental events are assumed not to happen. Kaplan and Duchon (1988) also argue that the stripping of context i.e. reduced 'responsibility' through the use of a closed survey instrument, enables objectivity and testability, at the cost of a deeper understanding of what is actually occurring.

Gable (1994) makes a further point (and being a fan of interpretivism I think this is a very valid observation made by Gable) and considers quantitative research to be relatively weak when used with the objective of discovery and during data collection. The reason being that once the research is underway there is little an investigator can do upon realising that a crucial item has been omitted from the questionnaire, or discovering that a question is ambiguous, nor is being misinterpreted. Gable (1994) therefore suggests that the researcher should have a good idea of the answers sought before starting the survey. Hence, traditional quantitative survey research would appear to serve as a methodology of verification rather than discovery – from this viewpoint, Document Four would

prove useful in verifying the conclusions drawn from the findings of Document Three.

As with qualitative research, there are researchers who argue for quantitative methods, and there are researchers as highlighted above who criticise the use of this method. Easterby-Smith (1991) provides the following view, shown in Table 2 which summarises some of the strengths and weaknesses of the two research paradigms.

Table Two: Comparison of Strengths and Weaknesses of

Quantitative and Qualitative Research Paradigms (Easterby-Smith, 1991)

Theme	*Strengths*	*Weaknesses*
Positivist *(Quantitative paradigm)*	*They can provide wide coverage of the range of solutions.*	*The methods used tend to be rather inflexible and artificial.*
	They can be fast and economical.	*They are not very effective in understanding*

	Where statistics are aggregated from large samples, they may be of considerable relevance to policy decisions.	*processes or the significance that people attach to actions.*
		They are not very helpful in generating theories.
		Because they focus on what is, or what has been recently, they make it hard for policy makers to infer what changes and actions should take place in the future.
Phenomenologic al (Qualitative paradigm)	*Data-gathering methods seen more as natural than artificial.*	*Data collection can be tedious and require more resources.*
	Ability to look at change processes over time.	*Analysis and interpretation of data may be more difficult.*
	Ability to understand people's	*Harder to*

	meaning.	*control the pace, progress and end-points of research process.*
	Ability to adjust to new issues and ideas as they emerge.	
		Policy makers may give low credibility to results from qualitative approach.
	Contribute to theory generation.	

STUDY METHOD

Design of Survey Instrument

To better understand the buyer-minority supplier relationship between large construction companies and minority business owners, six in-depth interviews were conducted for the production of Document 3 during the winter of 2006: three interviews with senior directors representing large construction companies where I explored their experiences of managing diversity in their supplier base, and three interviews with minority business owners working as sub-contractors in this industry, where I explored their experiences of competing for contracts with large construction companies. Two different sets of questionnaires were used: one for the directors of the large construction companies and one for the minority businesses owners. The questionnaires consisted of several loosely structured interview questions that served as a means of gently probing for information about the research questions and objectives for Document Three. The questionnaire was tested in a pilot study that was not included in the sample. The use of a pilot study is recommended because it allows a researcher an opportunity to review and revise a research instrument (Eisenhardt, 1989; Parkhe, 1993).

Although no significant modifications were made to the questionnaires, the pilot study did allow for minor corrections and refinements to some of the interview questions. Moreover, the pilot study is not a pre-test of a questionnaire, but is more like a full "dress rehearsal" that may assist a researcher in developing a relevant line of questioning (Yin, 2003:74). The interviews started with a general introduction to make the respondents aware of the purpose of the interview and discussion agenda given in the interview protocol. This was followed by non-directive and more general questions. Then the formal interviews started with a "grand tour" question to focus on the domain of the study. Then the interviews became more structured when specific questions given in the interview protocol were asked. During this formal phase of the interview the respondents were asked a series of probing questions to elicit a greater elaboration of the key issues (MkCracken, 1988; Ulaga, 2003). Although the interviews were conducted using an interview protocol, respondents were allowed to expand, illustrate and digress. As suggested by Carson *et al*. (2001), questions were not asked in the order they were given in interview protocol, instead the sequence of questioning was based on the interviewees' responses. This procedure was followed to avoid imposing the logic of an a priori framework on the respondents. That is, the respondents were allowed to cover in their own words the areas they thought critical and important (Kvale, 1983). The new issues or topics that emerged were also further explored by probe questions. All the interviews were audio recorded and detailed notes were taken. Each interview lasted about two hours. All the interviews were conducted at the organisations' premises at the scheduled date and time. (See Document Three for the interview results and subsequent analysis).

Having generated sufficient data through the 'Document Three stage' of this wider exploratory study, I was now able to proceed further to the next phase of my DBA research. As stated by Corner (1991:2), *'qualitative research can be used to facilitate quantitative research by acting as a precursor, highlighting important aspects for a later survey'* – in the case of this particular research study, Document Three was used acting as a pre-cursor to Document Four. This also follows Silverman's (2000) recommendations who notes qualitative research is:

'…often treated as a relatively minor methodology, it is suggested that it

should only be contemplated at early or "exploratory" stages of a study.
Viewed from this perspective, qualitative research can be used to familiarise
oneself with a setting before the serious sampling and counting begins.'

Silverman (2000:9)

Based upon an analysis of the interview material generated through Document 3, and the literature review carried out for Document Four, a survey instrument was then designed and pre-tested to be used for the production of Document 4.

Why Survey?

As noted by Cook and Cook (2008), surveys are useful when the perceptions of a group are relevant, regardless of the accuracy of the perceptions. Educators, politicians, and people in virtually all walks of life frequently use surveys to gauge stakeholder's perceptions and needs. Similarly, Creswell (2005) notes surveys allow researchers to measure the perceptions, attitudes, behaviours, or characteristics of a group. Within this study, the researcher is interested in measuring the difference in perceptions and attitudes of two groups of respondents on what they think the current hurdles are to the successful formation of buyer-minority supplier relationships, and how they differ (if they do differ) on the measures they think should be implemented to overcome such hurdles. So, for this reason it was decided a survey based approach would best serve the aims of this study.

There are a number of issues related to survey research that researchers have been advised should be addressed (see for example, Salant and Dillman, 1994). Among these issues are:

- ➢ Survey development – the type and phrasing of the questions and response items.

- ➢ Sampling – which and how many individuals are asked questions.

- ➢ Survey administration – when and how often questions will be asked.

- ➢ Interpretation of findings.

In light of the importance of such considerations, a description of the design of the survey instrument, together with other important issues now follows.

Designing the Self-Completion Questionnaire

Being very anxious and keen to achieve a good response rate, I was determined to ensure that I addressed as many of the key tips as possible that professional researchers have advised help achieve the production of a well thought out and designed self-completion questionnaire. For example, Dillman (1983) highlights the importance of making sure the layout of the questionnaire is easy on the eye, and that it facilitates answering all the questions that are relevant to the respondent. In designing the questionnaire, I was careful to ensure the questions were laid out clearly, and not cramped together. In addition to this, as advised by Bryman and Bell (2003), I gave clear instructions on how to respond to the survey, and questions and answers were kept together to aid easy completion of the questionnaire.

Deciding on questions to be used in the Survey

McCullough (1995) states that quantitative methods only deal with issues known at the beginning of the research project as this is when the questions are decided and documented. This was certainly relevant for the production of Document Four - the data generated through Document Three which relates to the

impediments to buyer-minority supplier relationships (mentioned earlier, see page 10-11), and the recommendations put forward by the interviewees regarding the approaches that could be used to overcome such obstacles, were used to help shape the questions which would be used in the survey for Document Four. In addition to this, both the findings for Document Three (which revealed that there are similarities in the literature both in the US as well as the UK regarding the conclusions drawn by researchers assessing the impediments that exist affecting the successful formation of buyer-minority supplier relationships) and the literature review highlighted in this paper, were used to facilitate this process.

An extremely important issue which also needed to be addressed during the survey design process was the 'wording' used in the questions. As Dillman (200) notes, it is hugely important that questions and response items are written so that they are easily understood by respondents to avoid measurement error. This is something I was very mindful of in light of the fact that the term 'supplier diversity' is one which is new to the UK and therefore many organisations may not be familiar with the term. Also, the term 'minority business' could mean different things to different people, so again it was important to address this – the easiest way being to provide a definition of terms to respondents at the beginning of the survey to avoid confusion.

In an attempt to ensure that the survey instrument designed for this particular study was 'thorough' in its understanding of the current knowledge regarding such impediments, my first exercise before designing the survey instrument was to create three summary tables which are presented below (see Tables 3, 4, and 5) – these would then be used as a useful snapshot to ensure I do not overlook any areas of information which may help identify similar issues which exist in the UK construction housing industry, when designing the questions for the survey.

The summary tables below are laid out in such a way that one can identify at a glance what the current literature says about:

1. Previous research findings highlighting the views of larger purchasing organisations on the impediments that exist which inhibit the successful formation of buyer-minority supplier relationships

2. Previous research findings highlighting the views of minority business owners on the impediments that exist which inhibit the successful formation of buyer-minority supplier relationships.

3. Previous research findings relating to the solutions suggested by buyers and minority suppliers to overcome the hurdles that exist.

The statements in the summary tables presented below have been 'weaved' out of the current literature review to help the researcher see at a glance all the relevant areas which would help in deciding the content of questions included in the survey instrument.

It has also been noted that although in this particular research study, when talking about 'minority suppliers' I am referring to, as stated in the terms of reference of this paper, suppliers which include: ethnic minority businesses, women-owned businesses, disabled-owned businesses, and gay/lesbian owned business, that much of the literature found in this field focuses primarily on ethnic minority owned businesses alone, and does not encompass the other categories of minority businesses. Therefore, in focussing on extending this category to include women-owned businesses in this specific study, I am seeking to address issues relating to supplier diversity in what I believe to be the truer sense of what 'diversity' means as described and mentioned extensively during Document Two, with specific focus being placed on the two categories of minority businesses of particular interest to various stakeholders in the construction housing industry i.e. ethnic minority owned businesses and women-owned businesses. In so doing, I am

hoping to increase the current knowledge and understanding of this issue, specific to the construction housing industry, by adding to the current literature.

Table Three:

Summary of Impediments to Successful Buyer-Minority Supplier Relationships

- The Buyer's Perspective

Impediments to Successful Relationships
The small number of minority firms in the market place and the high costs of identifying and qualifying minority businesses.
Performance uncertainty – uncertain quality of minority business work (slipped delivery timetables, poor quality, etc).
Limited resources – buyers have both specific and general responsibilities for procurement. Often, in soliciting bid quotes, time is of the essence - getting the word out is a costly and time consuming process

Minority businesses are under-capitalised.

Hiding management and financial disabilities by minority businesses.

Opportunism – minority businesses attempt to obtain contracts solely because of their minority status.

Minority businesses do not expand their businesses to meet corporate needs.

Buyers lack information on minority business capability.

Minority businesses can't handle the paperwork.

Minority businesses are naive/inexperienced in the corporate world.

Minority businesses have inefficient production capacities.

Corporate resources to reach out to and develop minority businesses are not available.

Identifying and qualifying minority businesses is a costly process.

Supplier diversity initiatives are at odds with efficient purchasing practice.
Minority businesses lack managerial personnel.
Minority businesses lack sales personnel.

Table Four:

Summary of Impediments to Successful Buyer-Minority Supplier Relationships

- The Minority Business Perspective

Impediments to Successful Relationships
Complexity of dealing with corporate bureaucracy and the bidding process.
Complexity caused by slow paying corporate accounts.

Technical complexity of meeting quality specifications.

False promises made by buyers for contracts, loans, and technical assistance.

High turnover in the purchasing function makes it difficult to predict if the personal relationships established with one purchasing agent will carry over to the new buyer.

Limited resources to advertise products and performance, search for opportunities, submit quotes and bids, and negotiate contracts.

Negativism by buyers towards minorities (the result of prejudice).

No incentives for buyers to seek out minority businesses.

'Old boy' networks exclude minorities.

Blocked by national/partnering agreements.

Lack of commitment from corporations.

Too hard to get doors opened.

Cultural and racial misunderstandings.

Corporations don't get the word out about their contract opportunities.
Buyers use minority businesses just to satisfy their client's requirements in the bidding process, to ensure they 'tick the right boxes'.
Minority businesses are powerless to negotiate favourable terms.
Only small volume orders are placed with minority businesses.
Buyers do not work closely with minority businesses.
Corporations do not give much feedback to minority businesses.

Table Five: Suggested Solutions by Buyers and Minority Suppliers

Suggested Solutions
Individual incentive for buyers to seek minority businesses.
Minority businesses must learn to sell themselves. Become visible and professional.
Corporations must be willing to reach out to minority businesses.
Corporations must recognise that discrimination exists, be sensitive and aware.

Recruit buyers from the minority population.

Corporations should consider helping minority businesses with financing.

Minority businesses need longer lead times, sometimes.

Director level involvement and monitoring of supplier diversity initiatives is needed

Communicate accurate information to minority businesses. Avoid platitudes

Corporations should assess and monitor compliance with government regulation, such as the Race Relations Amendment Act (2000).

Corporations consider giving minority businesses access to company technical resources.

Corporations consider the possibility of making company internal training available to minority businesses.

Corporations could offer materials management and supply help to minority businesses.

Corporations consider looking at placing advertisements in the minority press.

Establish prepayment agreements.

Corporations should waive restrictive requirements.

Corporations should monitor minority business participation in sub-contracts

Corporations should consider providing help to minority businesses with bid preparation.

Train purchasing managers in problems of minority businesses.

Corporations should set buyers with targets for purchasing from minority businesses.

Corporations should develop capability to monitor purchases from minority businesses

Corporations should get top management involved in supplier diversity programmes.

Corporations should consider taking a leadership role in minority business economic development in the community.

Simplify the bidding process.

Corporations should have a minority supplier listing available to all departments.

Corporations should establish a supplier diversity programme in every department.

Corporations should disseminate long-term purchasing needs.

Corporations should provide feedback to unsuccessful bidders.

Corporations should publish general information on supply procedures.

Corporations should publish a list of buyer names.

Corporations should publish list of commodities sought.

Corporations should list large volume opportunities.

THE SURVEY

The survey instrument consisted of three sections:

1. Forty questions relating to the impediments facing procurers for large construction companies and minority business owners operating in the construction housing industry.
2. Thirty questions focusing on the approaches to increase the success of buyer-minority supplier relationships in the industry.
3. A series of questions designed to help describe the study participants.

The questions regarding both impediments and approaches use a seven-point scale (higher score = greater importance) to capture information from the respondents. The general framework of the questionnaire was adapted from the instrument used in the US by Dollinger and Daily (1991), which was also subsequently used by Pearson *et al*. (1993) for a further US study. Although the general framework of the questionnaire was adopted, the content of the questions were modified quite considerably to relate more 'finely' to the research questions for this study as well as the 'features' evident in the UK market.

Why Use a Likert Scale?

The Likert scale was originally created by Rensis Likert in 1932, and is widely used in measuring attitude and image (Jacoby, 1971). As Black (1999) highlights:

'Attitudes can be ascertained by presenting a list of declarative statements and asking respondents to rate them in terms of agreement or disagreement'.

Black (1999:227)

Since I was seeking to understand the differences in perceptions, opinions and attitudes of both buyers and minority suppliers, this scaling method seemed very appropriate, and would hopefully provide me with a valuable insight into the possible differences in perceptions that might be held by both parties. Also, as noted by Bryman and Bell (2003), one of the advantages of using closed questions is that they can be pre-coded, thus turning the processing of data for computer analysis into a fairly simple task. The authors also state that some thought has to go into the scoring of the items. For example, the scoring of questions for some questions in a questionnaire could be as follows:

Strongly agree = 5

Agree = 4

Undecided = 3

Disagree = 2

Strongly disagree = 1

And the scoring of some other questions within the same questionnaire could be as follows:

Strongly agree = 1

Agree = 2

Undecided = 3

Disagree = 4

Strongly disagree = 5

This could create complications for the researcher when analysing the results. To avoid such complexities, together with ensuring the questionnaire was as simple and easy as possible for the respondent to complete (I was conscious of ensuring the questionnaire could be completed very quickly to increase the chances of respondents bothering to respond) I decided to keep the scaling for all questions within the questionnaire consistent. Also, the questions were such that using the same Likert scale throughout for all questions simply made sense. The guidelines highlighted by Black (1999) were taken into consideration when constructing the questions and statements for ratings. Black (1999:230) also advises *'the better the questions, the lower the error variance and consequently the higher the reliability'* – this is clearly something I was keen to achieve.

Pre-Testing the Survey

Before the survey could be mailed out to the population sample, it was necessary to pr-test the instrument. This was achieved by pre-testing the survey instrument by carrying out interviews with a minority business owner and a buyer from a large construction company. Changes in the original survey were implemented following the pre-test. After modifying the survey, additional interviews were conducted once again with a buyer from a large construction firm and a minority business owner to determine the applicability of the modified questionnaire. Final modifications were made after this pilot test of the survey was conducted. This survey development process was undertaken to assure the reliability of the study results. Appendix B and C show the final versions of the two sets of self-administered questionnaires that were used as the survey instruments i.e. one questionnaire (see Appendix B) to be mailed to the procurement decision makers for large construction companies, and one

questionnaire (see Appendix C) to be mailed to minority business owners in the construction industry.

SAMPLE SELECTION METHOD

'Life for the researcher would be pleasant and relaxed if achieving

a random sample from the whole designated population were a simple process,

or in some cases, even possible.

Black (1999:119)

During this study, I certainly could relate to the words of Black (1999) as cited above!. Since both the perspectives of buyers and suppliers were of interest in this study, it was necessary to obtain a matched sample of buyers and suppliers. However, this was not so easily done in practice as it was in theory. The reason being, that I encountered difficulties when trying to identify minority businesses that I could contact to take part in the survey. Here, I learned that profiling the minority business sector is a research question in itself. Identifying minority businesses in the construction industry was a real problem for me, which begs the question 'do heads of procurement and managers operating in this department have a valid point – is accessing qualified minority businesses a real issue for the construction industry?' I discovered that there really is no 'easy' way that allows one to select from a pool of identified minority suppliers operating in the construction industry. For example, there is no national database or regional directories that I could use to save me time and resources which would allow me to identify these businesses in a speedy fashion. This was an interesting insight in that I could now appreciate even more so why the directors I interviewed previously raised this as an issue during the research study for Document Three. One of the important findings to emerge during the research conducted for Document Three was that directors responsible for procurement for the large construction companies found this to be a real hurdle. They highlighted the

difficulties in 'finding' minority businesses as one of the major hurdles they encountered when seeking to address issues around diversity in their supply chain. A likely root cause of this could perhaps be attributed to the fact that only 3 percent of SMEs operating in the industry are ethnic minority owned, and a mere 1 per cent are women-owned businesses (CITB 2004).

Snowball Sampling – Minority Business Sector

Due to the difficulties highlighted above surrounding identifying respondents in the minority business sector, I had to adopt a technique known as 'Snowball sampling'. As noted by Balnaves and Caputi (2001), snowball sampling is a form of non-probability sampling and is often used in cases where populations defined by the researcher are not easily accessible or easily quantifiable. Researchers who cannot ensure that every unit in their population has an equal chance of being selected, or who simply don't need a sampling frame often use non-probability techniques. Along with judgement and opportunistic techniques, Balnaves and Caputi (2001:95) describe snowball sampling as *'one of the major non-probability techniques'*.

Buglear (2005) defines this method as follows:

'This method involves starting by finding a few respondents who have

a particular feature of interest to the investigator and using them to identify

others who share the same feature. The sample 'snowballs' to include these

others and perhaps yet more potential respondents who they identify.'

Buglear (2005:10)

Alternatively, Balnaves and Caputi (2001) describe the method as follows:

'Snowball sampling relies on the researcher's knowledge of the situation

and the people he or she knows. The researcher contacts people relevant to

him or her. Those people then contact people they know, and so on'.

Balnaves and Caputi (2001:95).

Finally, Black (1999) notes:

This is an interesting approach where subjects with desired traits

Or characteristics give names of further appropriate subjects to be contacted.

It is of value when there are no lists of population members anywhere, not even identifiable clusters. The disadvantage is that there is no way of knowing whether the samples are representative of the populations'.

Black (1999:125)

The Arguments For and Against Snowball Sampling

Despite having valid reasons for adopting a snowballing technique to access respondents in the minority business sector, it is important to note at this juncture the validity of using such a technique. As already noted, a snowball sample is in no sense random, because there is no way of knowing the precise extent of the population from which it would have to be drawn. In other words, there is no accessible sampling frame for the population from which the sample is to be taken, and the difficulty of creating such a sampling frame means that such

an approach is the only feasible one (Bryman and Bell, 2003). The problem with me adopting a snowball sampling technique is that it would be very unlikely that the sample will be representative of the population, even though as already noted, the very notion of a population was problematic for me in these circumstances.

Bryman and Bell (2003), note that by and large, snowball sampling is used not within a quantitative research strategy, but within a qualitative one, and that concerns about the external validity and the ability to generalise do not loom as large within a predominantly qualitative research strategy as they do in a quantitative research one. There is a much better 'fit' between snowball sampling and the theoretical sampling strategy of qualitative research than with the statistical sampling approach of quantitative research. However, Coleman (1958) argues that this is not to suggest that snowball sampling is entirely irrelevant to quantitative research: when the researcher needs to focus upon or to reflect relationships between people, tracing connections through snowball sampling may be a better approach than conventional probability sampling.

Random Sampling – Large Construction Companies in the UK's Public & Private Sector

For the other part of the sampling frame, I needed to source contact details for procurement managers to large UK construction companies so that I could easily mail the survey out to them. I found that accessing information regarding contact details for procurement managers both in the public and private sectors of the UK was in this study considerably 'easier' than finding details for minority businesses. What made this possible for me was that fortunately I was able to 'pull a few strings' with a friend I have who works for one of the UK's leading builders and refurbishers of social housing. This contact had access to the internal company database which the organisation had bought in-house, and access is strictly prohibited to internal employees only. So he was doing me a huge favour by allowing me access to the database. However, he did place a restriction on me in that I was not allowed to take the details off-site (as the database is an asset

which the company owns to help them implement measures to achieve competitive advantage) – the condition was that I produce the envelopes for the survey in his office and post them there. I understood his reason for caution, and was so grateful and thankful for the access that I did not mind working to his conditions.

The Database contained information of all the major UK construction companies with contact details for key personnel within the listed organisations (there was a note with the license of the database stating it had been provided by the Bisnode Group who I was advised operate in numerous countries supplying market information to businesses in many sectors). It should be noted here that the researcher realises that even in the era of the computer database, obtaining an up-to-date list is not always straightforward – even a database containing names of procurement managers that may for example be just one month old, may have changed during that one month with some of the names on the database having submitted their resignations, and did the database omit names of new procurement managers who have just joined? I noted the database I was using was nearly two years old so naturally, it was quite possible that some of the names, albeit most likely a small number, held on file were possibly no longer relevant.

From the population of procurement managers listed on the database, I needed to select a random sample of 100 construction companies. I decided on a number of 100 companies in the hope that even if a small percentage responded to the survey, I would still have results that I could work with. Also, there were time and cost constraints I needed to consider and work within.

Bryman and Bell (2003) define a probability sample as:

'A sample that has been selected using random selection so that

each unit in the population has a known chance of being selected. It is generally assumed that a representative sample is more likely to be the outcome when this method of selection from the population is employed'.

<div align="right">Bryman and Bell (2003:93)</div>

As advised by Bryman and Bell (2003), probability sampling was employed in the selection of large construction companies to keep the sampling error to a minimum.

Survey Distribution Method

A self-administered questionnaire was mailed to a random sample of 100 purchasing managers of UK based large construction companies. A similar questionnaire was sent to 85 minority business owners – although the researcher's initial aim was to achieve a 'matched' sample of both buyers and minority businesses, the problems associated with sourcing minority suppliers meant that only details for 85 minority businesses could be readily obtained, and therefore the researcher had to utilise whatever was achievable. A cover letter and questionnaire were then mailed to the sample frame (see Appendix E for the cover letter to large construction companies and Appendix F for the cover letter to minority business owners). This whole exercise was conducted in line with the recommendations put forward by Black (1999) who notes:

'One must convince subjects of the worthwhileness of participating and describe the purpose of the study, orally or in any introductory letter accompanying a questionnaire. They should be assured that the data collected will not be used for any other purpose unless permission is sought. Anonymity must be ensured and maintained as well as respect for the privacy of subjects, taking care that the wording of questions does not give offence'.

<div align="right">Black (1999:134)</div>

A two-part field study was then conducted. Procurement managers for large construction companies and minority business owners operating as sub-contractors in this industry were surveyed using the sample selection methods described above.

Geographical Coverage

It was considered advantageous to cover as many regions across the UK as possible rather than limiting the survey to a particular geographical area for two particularly important reasons:

1. Given that it was difficult enough finding minority businesses to contact, coupled with the fact that I was worried about whether many managers (from both large construction companies and minority businesses) would take out time to complete and return the survey, I did not want to create further obstacles in this research study that would potentially limit the response rate to the survey.

2. The geographically dispersed nature of the sample would increase the generalisability of the results. However, I do recognise that there is a flipside to this argument as well in that covering a wider geographical area would mean that the results for the UK could be 'diluted' due to regional differences.

Response Rates and Participation

100 surveys were sent to procurement managers for large construction companies across the UK which were selected from the database using random sampling techniques as described earlier. Usable responses were received from 22 large construction companies for a response rate of 22%. These response rates

are in my view not very favourable, however, I was relieved that I had received any responses at all as this was my biggest fear with conducting a survey based piece of research.

85 surveys were sent to minority business owners across the UK. They were selected using snowball sampling as described earlier. Usable responses were received from 36 minority business owners for a response rate of 42%. Again, I would have liked to have achieved a more favourable response rate, however, as with the survey sent to buyers, I was relieved that I managed to receive some responses albeit not a huge number. The better response rates received from the minority business owners, in my view was due to the fact that I was able to follow up by calling the business owners who had not responded encouraging them to do so because I had their contact details available. Unfortunately, I was not able to follow the same procedure for the large construction companies because as mentioned earlier I was not allowed to take their details off-site as a pre-condition to me having access to the database.

Table Six summarises the response rates for both groups of respondents: minority businesses and large construction companies.

Table Six:

RESPONSE RATES

Group	Mailing	Total Received	Response Rate
LCC	100	22	22%
MB	85	36	42%

Key:

LCC = Large construction companies

MB   = Minority businesses

Results Analysis

As mentioned earlier, question responses were pre-coded using numbers. Appendix D provides an example of one of the questionnaires with the relevant codes. A survey data sheet was then produced using this coding method highlighting all of the responses received (see Tables 7 and 8 for the survey data relating to the two groups of respondents below).

Calculations were then made using the survey data to determine the following:

1. The total scores of the responses received for each of the questions in the survey – these would then allow the responses to be ranked from the response with the highest score to the response with the lowest score.

2. The mean score of the responses received for each of the questions in the survey.

3. A data summary regarding the characteristics of the respondents (e.g. average age of respondents, gender, average number of years in business, and so forth).

Table 7: Survey Data for Large Construction Companies

ar00001	ar00002	ar00003	ar00004	ar00005	ar00006	ar00007	ar00008	ar00009	ar00010
					7				7
					7				7
					7				7
					7				7
					6				6
					6				6
					7				7
					7				7
					7				6

293

					7				7
					7				6
					7				7
					7				6
					7				7
					7				6
					7				7
					7				7
					7				7
					7				7
					7				7
					7				6
					7				6

Total		:	!	:	:	:	:	**1**	:	:	:	**1**
Score:	**54**	**0**	**20**	**8**	**43**	**52**	**9**	**39**	**45**	**46**
Mean:		'	:	!	:	(	**6**	‹	(	(	**6**
		.272	.454	.272	.5	.909091	.045	.318	.590	.63636
		727	545	727			455	182	909	4

Table 7

Continued

ar00011	ar00012	ar00013	ar00014	ar00015	ar00016	ar00017	ar0018	ar00019	ar00020
					4				1
					4				1
					4				1
					6				1
					6				1
					4				1
					3				1

							4				7
							4				7
Total							**9**				**1**
Score:	**50**	**19**	**47**	**53**	**36**	**8**	**6**	**17**	**7**	**04**
Mean:							**4**				**4**
	.818 182	**.409 091**	**.681 818**	**.954 545**	**.181 818**	**.454545**	**.363 636**	**.318 182**	**.045 455**	**.72727 3**

Table 7

Continued

ar00021	ar00022	ar00023	ar00024	ar00025	ar00026	ar00027	ar00028	ar00029	ar00030
					1				6
					1				6
					2				6
					2				5
					3				6
					2				5

299

				1			6
				1			7
				1			5
				1			5
				1			6
				1			6
				1			6
				1			5
				3			6
				2			5
				1			6
				1			5
				2			6

							1					5
							1					6
							2					6
Total							**3**					**1**
Score:	**15**	**9**	**1**	**6**	**3**	**2**	**2**	**3**	**7**	**25**
Mean:							**1**				**5**
	.227273	.318182	.409091	.636364	.045455	.454545		.772727	.409091	.681818

Table 7

Continued

ar00031	ar00032	ar00033	ar00034	ar00035	ar00036	ar00037	ar00038	ar00039	ar00040
					6				2
					7				5
					5				6
					6				6
					6				6
					5				3
					5				2
					7				2
					6				4

					6				4
					6				4
					5				5
					5				4
					6				5
					5				5
					5				4
					5				5
					6				6
					5				6
					5				6
					5				5
					5				4

Total Score:	3	48	8	02	7	22	1 4	03	3	9 9
Mean:							5			4
	.409 091	.727 273		.636 364	.681 818	.545455	.090 909	.681 818	.227 273	.5

Table 7

Continued

ar00041	ar00042	ar00043	ar00044	ar00045	ar00046	ar00047	ar00048	ar00049	ar00050
					6				1
					6				2
					6				2
					6				1
					7				3
					6				2
					6				1
					5				1

				5				1
				6				3
				6				2
				5				2
				6				1
				4				1
				5				2
				6				2
				5				1
				6				1
				6				2
				5				1
				5				2

							4				1
Total					'		**1**		'	'	**3**
Score:	**2**	**04**	**10**	**9**	**8**	**22**	**41**	**1**	**8**	**5**
Mean:							**5**				**1**
	.454 545	.727 273		.590 909	.272 727	.545455	.409 091	.227 273	.545 455	.59090 9

Table 7

Continued

ar00051	ar00052	ar00053	ar00054	ar00055	ar00056	ar00057	ar00058	ar00059	ar00060
					2				1
					1				1
					1				1
					1				2
					1				1
					1				1
					1				1
					1				1

							2				2
Total Score:	7	0	4	9	09	2 9	0	00	7	3	3
Mean:	.954 545	.363 636	.090 909	.045 455	.954 545	1 .318182	.090 909	.545 455	.227 273	.5	1

Table 7

Continued

ar00061	ar00062	ar00063	ar00064	ar00065	ar00066	ar00067	ar00068	ar00069	ar00070
					5				6
					6				6
					6				5
					4				7
					5				7
					5				6
					5				6
					7				4

						5				2
Total						**1**				**1**
Score:	**13**	**9**	**32**	**01**	**19**	**17**	**06**	**12**	**30**	**27**
Mean:						**5**				**5**
	.136 364	**.227 273**		**.590 909**	**.409 091**	**.318182**	**.818 182**	**.090 909**	**.909 091**	**.77272 7**

Table 7

Continued

			1
	0	0	
			1
	7		

Mean:

.409   **3.18**

091   **182**

Table 8: Survey Data for Minority Businesses

ar00001	ar00002	ar00003	ar00004	ar00005	ar000006	ar00007	ar000008	ar00009	ar00010
					2		3		1
					3		2		6
					5		6		3
						1			
					3		1		1
					5		1		3
					5		1		1
					4		2		1
					3		1		1
					2		1		1
					4		1		1
					4		1		1

318

					5		3		1
					6		1		2
					6		2		2
					5		3		1
					6		2		1
					6		7		1
					3		1		2
					4		2		2
					5		3		1
					6		3		2
					4		3		1
					4		3		2
					4		3		1
					4		3		3
					1		1		1

					6		5		5
					2		1		3
					5		5		6
					5		1		5
					2		1		1
					2		2		1
					4		2		1
					4		1		1
					6		1		1
					5		1		1
Total Score:	**91**	**7**	**44**	**05**	**77**	**50**	**1 6**	**0**	**8 11**	**6 8**
Mean:	**.305 556**	**.305 556**		**.694 444**	**.916 667**	**4 .16666 7**	**.555 556**	**2 .22222 2**	**.861 111**	**1 .88888**

Table   8

Continued

ar00011	ar00012	ar00013	ar00014	ar00015	ar00016	ar00017	ar0018	ar00019	ar00020
					7		1		7
					3		7		6
					7		7		7
					7		3		7
					7		3		7
					7		2		6
					7		5		7
					7		1		7
					7		2		7
					7		3		7

						7		5		7
						7		6		6
						7		5		7
						7		5		5
						7		6		7
						7		5		7
						7		5		7
						7		5		6
						7		7		7
						7		3		6
						7		2		7

Total Score: 6   0   1   2   03   44   37   46   12   39   2

Mean: 6   4   6

.111111   .5   .25   .277778   .861111   .777778   .583333   .055556   .888889   .638889

Table 8

Continued

ar00021	ar00022	ar00023	ar00024	ar00025	ar00026	ar00027	ar00028	ar00029	ar00030
					5		6		5
					5		5		6
					6		5		6
					6		6		5
					5		7		5
					4		5		5
					5		5		5
					4		5		6
					5		5		7
					5		5		7

					6		5		7
					5		7		4
					6		6		4
					6		7		4
					3		7		4
					5		7		5
					6		5		6
					4		7		4
					6		7		4
					6		7		5
					3		6		6
					5		5		5
					5		6		6
					5		7		5
					6		7		6

								6		7		5
							7		7			4
							6		7			6
							6		6			6
							7		7			7
							3		6			3
							6		7			7
							6		7			7
							6		6			5
							7		7			4
							7		7			4

Total Score:	46	52	43	13	80	1 94	05	2 24	85	1 90
Mean:	.833 333	.75	.916 667			5 .38888 9	.694 444	6 .22222 2	.138 889	5 .277778

Table   8

Continued

	`	`	`	`	`	v	`	v	`	v
	ar00 031	ar00 032	ar00 033	ar00 034	ar00 035	ar0003 6	ar00 037	ar0003 8	ar00 039	ar00040
	:	:	'	'	'	7	:	7	'	7
	:	(	(	(	'	7	'	6	(	6
	(	'	'	'	'	5	'	7	'	7
	'	(	(	(	(	6	:	7	'	7
	(	،	'	'	'	7	:	7	'	7
	(	:	(	'	'	7	:	7	'	7
	(	(	(	'	'	7	(	7	'	7
	(	،	'	'	'	6	:	7	'	7
	،	(	(	'	(	5	(	6	'	7
	:	'	'	'	'	6	:	7	'	7

327

					7		7		7
					7		7		7
					6		7		7
					6		6		6
					7		7		6
					6		7		7
					6		5		6
					7		7		7
					7		7		7
					7		7		7
					7		6		7
					7		7		7
					7		7		7
					7		7		6
					7		7		6

						7		7		6
						7		7		6
						7		7		7
						7		6		5
						7		7		7
						7		7		7
						7		7		7
						7		6		7
						5		6		7
						7		6		6
						4		5		7
Total						**2**		**2**		**2**
Score:	**83**	**95**	**42**	**35**	**31**	**36**	**84**	**40**	**14**	**41**
Mean:						**6**		**6**		**6**
	.083 333	**.416 667**	**.722 222**	**.527 778**	**.416 667**	**.55555 6**	**.111 111**	**.66666 7**	**.944 444**	**.694444**

Table 8

Continued

ar00041	ar00042	ar00043	ar00044	ar00045	ar00046	ar00047	ar00048	ar00049	ar00050
					7		7		6
					6		7		5
					7		6		6
					7		5		6
					7		7		6
					7		6		6
					7		5		5
					7		5		4
					7		5		5
					7		6		5

					7		7		5
					7		6		6
					7		7		5
					7		6		5
					7		7		6
					7		6		6
					5		6		5
					7		6		6
					7		6		6
					7		5		5
					7		6		6
					7		4		6
					7		6		7
					7		7		6
					7		5		6

	'		'		'		'		'		7		(		5		(		5
	'		(		:		:		'		7		'		5		(		4
	'		'		:		'		'		6		(		4		'		5
	:		'		:		⌐		'		7		'		6		(		6
	'		'		(		'		(		7		(		5		'		7
	'		'		⌐		(		'		7		(		7		'		5
	'		'		(		:		'		7		'		6		'		7
	'		(		(		'		(		6		(		7		'		6
	'		'		'		'		'		7		(		7		'		5
	⌐		'		(		(		(		7		⌐		4		'		5
	'		'		:		'		'		6		⌐		5		'		6
Total	:		:		:		:		:		2	:		2	:		2
Score:	**41**	**47**	**09**	**33**	**35**	**46**	**34**	**10**	**20**	**01**
Mean:	(		(		:		(		(		6		(		5		(		5
	.694	**.861**	**.805**	**.472**	**.527**	**.83333**	**.5**	**.83333**	**.111**	**.583333**
	444	**111**	**556**	**222**	**778**	**3**		**3**	**111**	

Table   8

Continued

ar00051	ar00052	ar00053	ar00054	ar00055	ar00056	ar00057	ar00058	ar00059	ar00060
					7		7		5
					6		6		7
					6		5		6
					6		6		6
					5		5		5
					6		6		6
					5		6		6
					5		6		6
					5		6		6
					5		7		5

					6		6		7
					6		6		5
					7		5		7
					5		4		5
					5		5		5
					4		5		5
					5		5		6
					6		6		5
					6		6		5
					5		4		6
					7		4		6
					7		5		4
					6		5		6
					6		5		5
					7		4		4

							7		7		5
							5		7		4
							7		6		6
							6		6		3
							6		6		5
							5		7		5
							6		6		6
							7		5		7
							7		4		6
							7		4		7
							7		4		6
Total							**2**		**1**		**1**
Score:	**94**	**31**	**16**	**37**	**25**	**14**	**27**	**97**	**93**	**99**
Mean:							**5**		**5**		**5**
	.388889	.416667		.583333	.25	.944444	.305556	.472222	.361111	.527778

335

Table   8

Continued

	ar00061	ar00062	ar00063	ar00064	ar00065	ar00066	ar00067	ar00068	ar00069	ar00070
						7		6		4
						7		7		7
						7		7		7
						6		6		7
						7		7		7
						7		7		7
						7		7		7
						7		7		6
						5		7		7
						7		7		6

							6		7		7
			:		(		7		7		7
				(		(	7		7		7
							7		7		6
					(		6		7		7
				:			7		7		7
							7		7		7
							7		7		7
	(			(			6		7		7
	(						6		7		7
	(		:		(		7		7		6
Total							2		2		2
Score:	30	48	43	11	26	36	23	50	40	32
Mean:				:			6		6		6
	.388889	.888889	.75	.861111	.277778	.555556	.194444	.944444	.666667	.444444

Table 8

Continued

	ar00071	ar00072	ar00073	ar00074	var00075
		4	4		9
		2	8		8
		8	5	6	1
		1	0		9
		4	8	3	1
		2	1	3	1

1

1   1   6

1

8   9   2

1

8   6

1

2   4   1

1

2   0   6

1

5   2   2

1

8   8   1

8

2   5

8

5

				9
1	1			
				1
3	2		1	
				1
1	0		6	

Mean:

9.27 **3.27** **.527**
778 **778** **778**

The results obtained were used to produce the results tables which follow. Table 10 highlights the ranking of the scores for each of the questions relating to impediments to successful relationships (i.e. the first forty questions in the first section of the questionnaire), and Table 12 highlights the ranking of the scores for each of the questions relating to the approaches to successful relationships (i.e. the second section of thirty questions in the questionnaire).

Tables 10 and 12 were produced by using the data contained in Tables 7 and 8 (i.e. the tables containing the full survey data). Tables 10 and 12 show the ranking of each of the impediments and each of the approaches by both the large construction companies and minority businesses. They also show the mean scores for the responses obtained to each of the questions, and the difference between the two mean scores indicating the difference in perceptions of both groups of respondents.

Statistical Significance (Construct Validity, and Reliability of Results)

As advised by Bryman and Bell (2003), a test of statistical significance can be applied to the comparison of means. In statistical hypothesis testing, the p-score is the probability of obtaining a result at least as extreme as the one that was actually observed, given that the null hypothesis is true (Schervish,1996). The fact that p-scores are based on this assumption is crucial to their correct interpretation. More technically, a p-score of an experiment is a random variable defined over the sample size of the experiment such that its distribution under the null hypothesis is uniform on the interval (0.1).

To calculate the statistical significance, a p-score calculator was used from an online software package called 'Graphpad'. Comments regarding the statistical significance of the score for each of the impediments and approaches, is highlighted within tables 10 and 12. The statistical significance was determined

by calculating the p-score for each difference found between the two mean scores, and was calculated for each question in the questionnaire. These comments appear in the software as written by John C. Pezzullo, PhD, Associate Professor, Pharmacology and Biostatistics Georgetown University Medical Center. For each p-score calculated, the online package also confirms to what degree by conventional criteria the data has statistical significance (see, http://graphpad.com/quickcalcs/PValue1.cfm). Study results are now reported.

DISCUSSION OF FINDINGS

Characteristics of Respondents

A brief profile of the two respondent groups is presented below in Table 9. The average age of the respondents from the corporate sample was 34 years. 100% of the respondents were White British and all respondents were men. Corporate respondents averaged eight years experience in their current roles. Within the corporate sample, 10% were working at director level; 59% were working as purchasing managers; and 32% were working as buyers. Finally, 82% of the respondents classified their firms as serving primarily the public sector with the remaining 18% serving the private sector.

The average age of the respondents from the minority-business sample was 39 years. The ratio of men to women was approximately 95% to 5%. Minority business respondents averaged thirteen years in business, employing an average number of two people. 5.5% of the minority business respondents were White British females, the remainder were men: 14% were Black Caribbean, 14% were Black African, 39% were Indian, 5.5% were Pakistani, 8% Bangladeshi, 8% were Polish, and were 5.5% Bulgarian.

The ratio of men to women, and the ratio of non-minority versus ethnic minority in the respondent groups is consistent with the industry averages as reported at the beginning of this paper. The percentage breakdown in ethnicity of the minority business sample is also consistent with the disparities in the representation of different minority groups in the industry as reported by Steele and Sodhi (2006), who stated that particular minority business groups are more likely to be found than others, especially African Carribbeans, Indians, and those of mixed and other backgrounds, compared with those from the Pakistani and Bangladeshi communities.

Table 9: Characteristics of the Respondents

CHARACTERISTIC	LCC	MB
Gender		
Male	22	34
Female	0	2
Race		
White		
British	22	2
Irish		
Other White Background		
Mixed		
White & Black Caribbean		
White Black African		
White & Asian		
Other Mixed		
Black or Black British		
Black Caribbean		5
Black African		5
Other Black		
Asian or Asian British		
Indian		14
Pakistani		2
Bangladeshi		3
Other Asian		
Chinese		
Other Ethnic Group		
Polish		3
Bulgarian		2
Average Age	34	39
Minority Business Owners:		
Average Nu\mber of Years in Business		13
Average Number of People Employed		2
Large Construction Companies:		
Role		
Director	2	
Purchasing Manager	13	
Buyer	7	
Other		
Average Number of years in current position	8	
Primary sector served:		
Public sector	18	
Private sector	4	

Impediments to Successful Relationships

Information regarding the respondents' perceptions of impediments to the successful formation of buyer-minority supplier relationships is contained in Table 10. Two general observations quickly emerge from this data: large construction companies (LCC) and minority businesses (MB) view the impediments quite differently, and minority businesses perceive the impediments at higher levels than large construction companies.

The difference between the two mean scores is significant for 25 of the 40 impediments. This result is further emphasised by the ranking of impediments by large construction companies and minority business groupings. These rankings are generally opposed - those impediments with high LCC rankings have low MB rankings while those impediments with low LCC rankings have high MB rankings. This pervasive disagreement concerning the impediments is an important, though not entirely surprising, finding. To be successful, future efforts within the construction industry designed to assist minority businesses must recognise these different viewpoints.

Second, based on the mean scores for each impediment, minority businesses appear to perceive a higher level of difficulty in establishing successful buyer-minority supplier relationships than their LCC counterparts. In fact, minority businesses placed greater emphasis on the level of difficulty created by each impediment for 22 of 40 of the impediments. One possible reason for this finding may be due to the fact that minority businesses feel they have more at stake in developing relationships with large construction companies and therefore respond in a more assertive manner.

Table 10: Impediments to Successful Relationships

CC Rank	B Rank	Impediments to Relationships	CC Mean	B Mean	Difference	t-score	
	2	There is a very small number of minority firms operating as sub-contractors in the construction industry		.31	1.69	.091	Not quite statistically significant
1	0	Buyers find the quality of work by minority businesses poor	.27	.31	0.96	.3371	Not statistically significant

4	1	Buyers find getting the word out regarding contract opportunities is a costly and time consuming process	.45		.45	1.8887	Not statistically significant
7	8	Large construction companies have poor bidding practices	.27	.7	.43	4.0001	Extremely statistically significant
	8	Minority businesses are under-capitalised	.5	.92	.58	1.1141	Not statistically significant
	9	Minority businesses hide management & financial disabilities	.9	.17	.73	2.0063	Very statistically significant
6	9	Minority businesses attempt to obtain contracts	.05	.6	.45	2.0143	Statistically significant

solely because of their minority status

0	6	Minority businesses do not expand their businesses to meet corporate needs	.32	.23	.09	4 .00 01	Extremely statistically significant
	7	Buyers lack information on minority business capability	.59	.86	.73	0 .46 54	Not statistically significant
	8	Minority businesses are naive/inexperienced in the corporate world	.64	.89	.75	4 .00 01	Extremely statistically significant
	7	Minority businesses are hard to find	.82	.11	.71	4 .00 01	Extremely statistically significant
		Corporate resources to reach out to and				1	Not quite

Table 10

5	3	develop minority businesses are not available	.41	.5	.91	.0561	statistically significant
	6	Identifying and qualifying minority businesses is a costly process	.68	.25	4.43	.0001	Extremely statistically significant
	4	Supplier diversity initiatives are at odds with efficient purchasing practice (e.g. supply-based down-sizing)	.95	.28	4.67	.0001	Extremely statistically significant
1	2	Minority businesses lack managerial & sales personnel	.18	.86	3.32	.0009	Extremely statistically significant
2		Minority businesses find dealing with corporate bureaucracy & the	.45	.78	2.33	.0198	Statistically significant

bidding process very complex

4		Slow paying corporate accounts causes complexity for minority	.36	.58	.22	2.0264	Statistically significant

businesses

6	0	Minority businesses find it difficult to deal with volume uncertainty	.32	.06	.26	1.2077	Not statistically significant

irregular orders & bidding specifications

9	6	Minority businesses have limited resources to advertise their business,	.05	.89	.84	2.0045	Very statistically significant
8		Buyers are negative towards minority businesses (result of prejudice)	.43	.64	.21	2.0271	Statistically significant

		There are no incentives for buyers to seek				1	Not

7		minority businesses in the procurement process	.23	.84	.61	.1074	statistically significant
6		Buyer's 'Old boy' networks exclude minority businesses	.32		5.68	.0001	Extremely statistically significant
5		Minority businesses are blocked from contract opportunities due to national partnering agreements	.41	.75	5.34	.0001	Extremely statistically significant
3	5	There is a lack of commitment from corporations towards minority businesses	.64	.92	4.28	.0001	Extremely statistically significant
		Buyers are guilty of cultural and racial			3	.00	Extremely

9	7	misunderstandings towards minority businesses	.05		.95	01	statistically significant
4	1	Buyers don't get the word out about their contract opportunities	.45	.39	.94	3 .00 01	Extremely statistically significant
0	9	Buyers use minority businesses just to satisfy their client's requirements in the bidding process, to ensure they 'tick the right boxes'		.7	.7	4	
8	3	Minority businesses are powerless to negotiate favourable items	.77	.22	.45	2 .01 43	Statistically significant
3	4	Only small volume orders are placed with minority businesses	.41	.14	.73	0 .46 54	Not statistically significant
		Buyers do not know much about minority				0	Not

2	3	firms	.68	.28	.4	.6892	statistically significant
0	6	Corporations do not give much feedback to minority businesses	.41	.08	.67	2.0076	Very statistically significant
	0	Minority businesses must learn to sell themselves, become visible and professional	.73	.42	.31	1.1902	Not statistically significant
7		Minority businesses find it too difficult to access contract opportunities with large construction companies		.72	.72	2.0065	Very statistically significant

Table 10

0	1	There is a lack of trust between buyers and minority contractors	.64	.53	.89	1.0588	Not quite statistically significant

2	2	Minority businesses are frequently ignored in the procurement process	.68	.42	.74	4	.0001	Extremely statistically significant
3	0	The construction industry has a poor image & reputation for diversity	.55	.56	.01	1	.3125	Not statistically significant
8	5	Buyers are uncooperative with minority businesses	.09	.11	.02	4	.0001	Extremely statistically significant
9		Minority businesses perceive the construction industry as one which discriminates against ethnicity & gender	.68	.67	.99	1	.0466	Statistically significant
5	4	Buyers have a negative image of minority contractors	.23	.84	.61	1	.1074	Not statistically significant

1	Minority businesses have to work harder at creating trust with buyers for large construction companies	.5	.7	.2	2.02 78	Statistically significant

Table 11

TEN MOST PROMINENT IMPEDIMENTS

Large Construction Companies

1. There is a very small number of minority firms operating as sub-contractors in the construction industry
2. Supplier diversity initiatives are at odds with efficient purchasing practice (e.g. supply-based down-sizing)
3. Minority businesses hide management & financial disabilities
4. Minority businesses are hard to find
5. Minority businesses must learn to sell themselves, become visible and professional
6. Identifying and qualifying minority businesses is a costly process
7. Minority businesses are naive/inexperienced in the corporate world
8. Buyers lack information on minority business capability
9. Minority businesses are under-capitalised
10. Minority businesses do not expand their businesses to meet corporate needs

Minority Businesses

1. Buyer's 'Old boy' networks exclude minority businesses
2. There are no incentives for buyers to seek minority businesses in the procurement process
3. Minority businesses find dealing with corprate bureaucracy & the bidding process very complex
4. Minority businesses are blocked from contract opportunities due to national/partnering agreements
5. Minority businesses find it too difficult to access contract opportunities with large construction companies
6. Minority businesses have to work harder at creating trust with buyers for large construction companies
7. Minority businesses perceive the construction industry as one which discriminates against ethnicity & gender
8. Buyers are negative towards minority businesses (result of predjudice
9. Slow paying corporate accounts causes complexity for minority businesses
10. The construction industry has a poor image & reputation for diversit

Table 11 presents additional insight by highlighting the ten most prominent impediments as ranked by the large construction companies and minority businesses. Interestingly, and quite surprisingly within this table, neither of the two groups agree on not even one of the type and magnitude of impediments that inhibit successful buyer-minority supplier relationships.

Focusing specifically on the perspective held by the large construction companies, the top ten impediment listing emphasises two primary themes: firstly, the unavailability of qualified minority businesses, and secondly, the perceived "hassles" involved in trying to find qualified minority businesses. The overriding challenge from the LCC perspective appears to be to effectively match minority business capabilities to LCC requirements. This finding re-iterates the conclusions made following the in-depth interviews carried out for Document Three, and resonate with Dollinger and Daily (1991) whose findings revealed that buyers found the scarcity of qualified minority suppliers to be a major hurdle. In fact, five of the ten most prominent impediments focus on the LCCs' inability to find qualified minority business contractors. LCCs perceive minority businesses as 'invisible', they hide financial and management disabilities, are undercapitalised, and they are unwilling to expand their businesses to meet the larger buying firm's requirements. As reported by Pearson *et* al. (1993), the fact that minority businesses find it difficult to identify contracts to bid on and become disillusioned with corporate bureaucracy, may contribute to the perception that minority businesses are unable to meet the needs of large firms.

The researcher proposes that supplier diversity initiatives are one way of overcoming such perceived 'hassles', as these initiatives would allow LCCs to implement specific efforts aimed at targeting and reaching out to the minority business community. Such supplier diversity initiatives might assist LCCs in creating awareness of their procurement process amongst the minority business community together with demonstrating an 'open' attitude towards dealing with minority businesses. As noted by Ram and Smallbone (2003), supplier diversity initiatives play a crucial role in providing greater market opportunities for ethnic

minority businesses in the UK. If the UK's larger construction companies were to consider implementing such initiatives, this could potentially help them identify qualified minority businesses, and in turn would allow minority businesses in the industry 'ease' of access to potential opportunities through removing impediments reported such as 'knowing who to contact', thereby possibly creating a win-win scenario for both parties.

In so doing, this might also go some way towards tackling the persistent complaint and perception held by minority businesses that larger UK construction companies practice in a discriminatory manner as well as creating societal barriers, as reported by Sodhi and Steel (2000). This includes tackling perceptions held regarding the 'old boys network' in the industry, and the view of many minority firms that the whole bidding process lacks transparency and is open to abuse and discretion: bribes and 'back handers' which are believed to be relatively common place Sodhi and Steel (2000). .

Focussing on the perspective held by minority businesses, Table 11 shows that MBs view the prominent impediments quite differently. Three themes very quickly emerge: firstly, minority businesses feel that institutional barriers involving 'old-boy networks' and national partnering agreements block any chances of the minority contractor accessing contract opportunities with large construction companies; secondly, dealing with corporate bureaucracy is a real hurdle for minority businesses together with identifying who the relevant contacts are within the LCCs for enquiring about contract opportunities; and thirdly, minority businesses feel they have to work harder at creating trust with buyers for large construction companies – one of the main reasons for this is that they largely perceive the construction industry as one which discriminates against ethnicity and gender.

These findings resonate with Steele and Sodhi (2006) who reported the reason why so few ethnic minorities choose to enter the construction industry are

the barriers that exist for minority businesses, relating primarily to the industry placing little emphasis on equality of opportunity. These barriers include: the image of the industry, the lack of career development opportunities and employment uncertainty, the prevalence of overt racism, and the lack of information available about the industry and the organisational culture of the industry.

The findings of this study also identify with issues uncovered by Ketchum *et al*. (1990) where the researchers supported the hypothesis that minority businesses have to work harder at creating a trusting environment. The findings revealed under-capitalisation, a hostile working environment, poor communication, and high transaction costs inhibited the growth of buyer-minority supplier relationships. Other findings included that corporate purchasing personnel had a lack of confidence in the owner's managerial skills and the ability to provide technical support.

These generally negative perceptions regarding large corporations help explain why minority businesses become disillusioned when attempting to do business with large firms. At the heart of these findings is the issue of 'trust'. Trust is an important variable in the development and maintenance of relationships (Smeltzer, 1997), and is seen as a critical component in buyer-seller relationships (Ellram, 1991). In fact, trust has been said to be the 'binding force in most productive buyer-seller relationships' (Hawes *et al*. 1989). So, it is worthy of discussion as an important element of the findings of this study.

The framework provided by Smeltzer (1997), as discussed earlier in the literature review, is particularly relevant to this finding. Smeltzer (1997) argues that corporate image, identity, and reputation are at the origin of supplier-buyer trust. He argues that any analysis of supplier-buyer relationships that do not include identity, image, and reputation are severely limited, and explains that trust or mistrust occur because of these concepts. He concludes that identity is

important for buyer-seller relationships because identity indicates what managers believe is central, distinctive, and enduring about their organisation; image is important because it indicates how members of an organisation feel others perceive their organisation; and finally, reputation is what others actually believe about an organisation – it either can or cannot be trusted. Given that the construction industry has a 'reputation', 'image' and 'identity' as one which has for years had a poor record in diversity (CITB and Royal Holloway University of London, 1999; Sodhi and Steele, 2002; Sodhi and Steele, 2006; UMIST, 2004), these factors as suggested by Smeltzer's framework, could explain why there is a lack of trust amongst minority businesses towards the larger construction companies, and hence why they feel they have to work harder at creating trust and accessing contract opportunities. Other research which supports this statement includes a report by the CITB and Royal Holloway University of London (1999) on the experience of ethnic minorities in the construction industry which found that racism is rife. The culture of the industry is widely regarded as one where jokes, banter and nicknames are commonplace – jokes are often made about colour, race, and stereotypes. Steele and Sodhi (2006) argue that such behaviour validates the 'image' of the industry as one where racism is prevalent. Researchers have also found evidence that some ethnic minorities in the industry develop strategies for working with potential racists by avoiding situations where their ethnicity is obvious (Boyal, 2007; Building, 1999; Sodhi and Steele, 2000) - again this confirms the research finding in this study that minority businesses feel they have to work harder at creating trust with the larger construction companies.

Approaches to Successful Relationships

Table 12 contains information regarding the basic approaches that large construction companies and minority businesses believe may help establish successful buyer-minority supplier relationships. In contrast to the findings regarding impediments, a relatively higher level of agreement exists between the two groups concerning the type of approaches that reduce barriers to strong relationships. However, despite this general agreement regarding the approach

rankings, the data in Table 12 shows that the two groups place different levels of emphasis on the various approaches.

This can be examined in closer detail - the 10 most prominent approaches to success as ranked by each LCC and MB are listed in Table 13. The information contained in Table 13 shows that LCCs and MBs concur on five out of their top ten listed approaches, however, both groups have ranked the approaches at different levels of importance. For example, minority businesses ranked 'buyers should publish a list of buyer names' in first position whereas large construction companies ranked this in ninth position – a difference of 8 rank positions separating the two group's perceptions. Surprisingly, LCCs ranked 'buyers should have a minority supplier listing available to all departments' in second position, and MBs ranked this in fifth position – this could be one indication of the high degree of frustration expressed by large construction companies with regards to not being able to identify quality minority businesses.

Overall, focussing on the minority business perspective, two emerging themes unfold: firstly, minority businesses require approaches to be implemented that help them easily identify who exactly to contact regarding contract opportunities with the larger construction companies, together with creating a greater degree of simplicity in the bidding process; secondly, minority businesses feel that large construction companies must do more to demonstrate their willingness to deal with minority businesses through implementing activities which reach out to the minority business community. As suggested earlier, supplier diversity initiatives are one way that this could be achieved.

Focussing on the large construction companies' perspective, the majority of their highest ranked approaches relate generally to how things should be done in the procurement process at large. For example, publishing a list of commodities sought; listing large volume opportunities; disseminating information regarding long-term purchasing needs; and, publishing a list of buyer names are listed in the

ten most prominent approaches. LCCs do however rank 'buyers should have a minority supplier listing available to all departments' in second place of the ten most prominent approaches, and rank 'large construction companies should consider taking a leadership role in minority business economic development in the community' in eighth position, indicating contrary to the perception held by minority businesses, that there certainly is a willingness from large construction companies to engage more widely with the minority business community.

For large construction companies, perhaps using intermediary organisations such as MSDUK (Minority Supplier Development UK) and SDE (Supplier Development Europe) may be considered. MSDUK and SDE are both independent member organisations that help link large corporations with qualified minority businesses. Such an option could be used to facilitate information sharing in both directions – minority businesses could publicise their capabilities in a single location (i.e. by becoming members of organisations such as MSDUK, and/or SDE), reducing the cost to large firms of finding minority businesses, and large firms could post their purchasing requirements, making it easier for minority businesses to identify potential contracts. This information sharing would be performed electronically through the relevant intermediary organisation's database. As reported by Carter *et al*. (1999), the key success factors that contribute to successful purchasing from minority suppliers include top management support (which was found to be the most important factor), communication, monitoring of purchasing from minority suppliers, and rewarding purchasing personnel for their efforts in seeking out minority businesses. Weaver *et al*. (2003), and Div2000.com (2001) also confirmed this finding. Carter *et al* (1999) concluded that purchasing managers are increasingly coming to accept that such programmes can have positive spin-offs that go beyond just window dressing for public relations purposes.

Table 12: Approaches to Successful Relationships

CCRank	BRank	Approaches to Building Successful Relationships	CCMean	BMean	Difference	P-score	
5		Individual incentives for buyers to seek	.45	.69	.24	.0001	Extremely statistically significant

minority businesses in the procurement process

		Statement					
3		Buyers must be willing to reach out to minority businesses	.72	.86	.14	.0324	Statistically significant
0	5	Buyers must recognise that discrimination exists, be sensitive and aware	.81		.81	.4179	Not statistically significant
9	2	Large construction companies should recruit buyers	.5	.4	.88	.004	Very statistically significant

Statement					
from the minority population	9	7			
	8	0			
Buyers should consider helping minority businesses with financing, early payments	.2 7	.5 3	.26	.00 01	Extremely statistically significant
Communicate accurate information regarding contract opportunities to minority businesses.	.5 5	.8 3	.28	.20 05	Not statistically significant

1		Buyers should assess and monitor compliance with government	.4 1	.5	.09	.92 83	Not statistically significant

regulation, such as the Race Relations Amendment Act

| 1 | 4 | Buyers should consider giving minority businesses access to | .2 3 | .8 3 | .6 | .00 93 | Very statistically significant |

company technical resources

| 0 | 0 | Buyers should consider the possibility of making company | .5 5 | .1 | .55 | .01 08 | Statistically significant |

internal training available to minority businesses

3	6	Buyers could offer materials management and supply help to minority businesses	.56	.58	.02	.0001	Extremely statistically significant

Table 12 Continued

8	9	Buyers should consider looking at placing advertisements in	.95	.39	.44	.1499	Not statistically significant

the minority press

		Statement					Significance
.636	.442	Buyers should establish prepayment agreements	.	.	.06	.0001	Extremely statistically significant
.009	2	Buyers should waive restrictive requirements	.		.91	.0001	Extremely statistically significant
.705	.58	Large construction companies should establish & implement	.	.	.53	.0114	Statistically significant

effective supplier diversity initiatives

1	8	Director level involvement and monitoring of supplier diversity initiatives is needed	.95	.25	.3	.1936	Not statistically significant
7	1	Buyers should monitor minority business participation in sub-contracts	.631	.94	.63	,0001	Extremely statistically significant
		Buyers should consider providing help	.	.		.02	Statistically

6	6	to minority businesses	0	3	.22	64	significant
			9	1			
		with bid preparation					
5	7	Buyers should train purchasing managers in problems that	.	.	.92	.35	Not statistically significant
			5	4		76	
			5	7			
		minority businesses face					
9	0	Large construction companies should consider setting their	.	.	.13	.00	Extremely statistically significant
			2	3		01	
			3	6			
		buyers with specific purchasing target goals for minority businesses					

4	8	Large construction companies should develop capability to monitor	.58	.28	.78	.0002	Extremely statistically significant

capability to monitor purchases from minority businesses

5	Large construction companies should consider taking a leadership	.14	.39	.25	.2113	Not statistically significant

role in minority business economic development in the

community

Buyers should simplify the bidding

. . .00

Extremely

2		process	23	89	.66	01	statistically significant

Table 12 Continued

		Buyers should have a minority supplier listing available to all departments	.75		.75	.4533	Not statistically significant
4	3	Large construction companies should establish a supplier diversity programme in every department	.59	.86	.27	.2041	Not statistically significant

No.	Statement					Significance
7	Buyers should disseminate information regarding long-term purchasing needs	.41	.28	.87	.3843	Not statistically significant
	Buyers should provide feedback to unsuccessful bidders	.32	.56	.24	.215	Not statistically significant
2 9	Buyers should publish general information on supply procedures	.82	.19	.37	.1707	Not statistically significant

#	Item					
	Buyers should publish a list of buyer names	.09	.95	.86	.0629	Not quite statistically significant
	Buyers should publish list of commodities sought	.91	.67	.76	.4473	Not statistically significant
3	Buyers should list large volume opportunities	.77	.4	.63	.5287	Not statistically significant

Table 13: TEN MOST PROMINENT APPROACHES

Large Construction Companies

1. Buyers should assess and monitor compliance with government regulation, such as the Race Relations Ammendment Act 2000
2. Buyers should have a minority supplier listing available to all departments
3. Buyers should publish list of commodities sought
4. Buyers should list large volume opportunities
5. Communicate accurate information regarding contract opportunities to minority businesses.
6. Buyers should disseminate information regarding long-term purchasing needs
8. Large construction companies should consider taking a leadership role in minority business economic development in the community
9. Buyers should publish a list of buyer names
10. Buyers must recognise that discrimination exists, be sensitive & aware

Minority Businesses

1. Buyers should publish a list of buyer names
2. Buyers should simplify the bidding process
3. Buyers must be willing to reach out to minority businesses
4. Communicate accurate information regarding contract opportunities to minority businesses.
5. Buyers should have a minority supplier listing in all departme
6. Individual incentives for buyers to seek minority businesses in the procurement process
7. Buyers should publish list of commodities sought
8. Large construction companies should establish & implement effective supplier diversity initiatives
9. Buyers should provide feedback to unsuccessful bidders
10. Buyers should consider helping minority businesses with financing, early payments

CONCLUSIONS AND IMPLICATIONS

At the beginning of this study it was hypothesised that:

Both buyers and minority suppliers will differ on their views and perceptions regarding what the actual impediments are to the successful formation of buyer-minority supplier relationships, and they will also differ on what measures both parties feel should be implemented to overcome such hurdles.

The study confirms that the first part of this hypothesis is true i.e. 'both buyers and minority suppliers do differ on their views and perceptions regarding what the actual impediments are to the successful formation of buyer-minority supplier relationships'. Not only has the study found that both groups differ on their perceptions, but also has revealed that the degree to which they differ is quite considerable. One possible explanation for this finding may be due to the fact that minority businesses feel they have more at stake in developing relationships with large construction companies and therefore responded in a more assertive manner.

The second part of the hypothesis however, i.e. 'they will also differ on what measures both parties feel should be implemented to overcome such hurdles', was not proven in its entirety. There was some agreement between the two respondent groups on the approaches they feel would help achieve the successful formation of buyer-minority businesses, in fact, in the list of ten most prominent approaches, both groups agreed on four out of the ten approaches. There was though a degree of difference in the importance both groups placed on

each of the approaches, in some cases this difference was as high as eight ranked spaces difference.

The research questions for the study set out:

➢ To determine whether there are any impediments (and if so, what are they?) to the successful formation of buyer-minority supplier relationships in the construction housing industry.

➢ To survey the extent to which buyers for large construction companies and minority suppliers differ on these impediments.

➢ To determine which activities/measures are preferred by the buyers for large construction companies and which are preferred by minority business owners, to overcome such impediments.

The study concludes for the first two research questions the following:

1. Both large construction companies and minority businesses believe there are impediments that inhibit the successful formation of buyer-minority supplier relationships.

2. Large construction companies and minority businesses generally disagree on the impediments that adversely affect the buyer-minority supplier relationship.

3. Minority businesses perceive almost all of the impediments at higher levels than large construction companies.

For the third research question, the basic conclusions drawn for this study reveal that there is some, albeit little agreement on the approaches that both groups feel should be implemented to help encourage the successful formation of buyer-

minority businesses. For minority businesses, the focus on approaches should lend themselves to allowing minority businesses easier access to contract opportunities with the larger construction companies. Such approaches should include: publishing a list of buyers names; simplifying the bidding process; a willingness from buyers to reach out to minority businesses; individual incentives for buyers to seek minority businesses in the procurement process; and for large construction companies to implement supplier diversity. The focus from the larger construction companies however was geared more towards measures to help buyers overcome the hurdles they face when trying to achieve more diversity in their supply chain. For example, identifying quality minority businesses is a real issue for buyers – a suggested solution was to provide all departments with a list of minority businesses. Whilst finding quality minority contractors was highlighted as a major impediment by the larger construction companies, minority businesses highlight that they feel large construction companies do not do enough to reach out to the minority business community. One possible approach to overcome such hurdles, as suggested by minority business owners was for the large construction companies to implement supplier diversity activities. Such supplier diversity efforts would help the larger buying firms to attract and identify quality minority contractors.

Overall, the general agreement on the approaches to better buyer-minority supplier relations suggests that despite the tendency to blame the other group for the lack of cooperation, large construction companies and minority businesses believe that a combination of education and an emphasis on solutions, especially those that involve information creation and sharing, appears to represent the foundation on which future successful relationships will be built.

Within the recent business environment, where the construction industry has been one of the worst hit victims of the now infamously known 'Credit Crunch', businesses have been forced to look at all potential sources of surviving these turbulent times and remaining competitive. Within the recent business environment, where the construction industry has been one of the worst hit victims

of the now infamously known 'Credit Crunch', businesses have been forced to look at all potential sources of surviving these turbulent times and remaining competitive - this includes working with small and/or minority-owned businesses. However, large firms emphasise that they can only consider minority businesses as a viable long-term source if the minority contractor is (or has the potential and the desire to become) competitive.

Using these findings as a foundation, several implications regarding industry policy and both corporate and minority business strategy should be highlighted. Foremost of the industry policy implications is the fact that policy makers for the industry should develop a new focus that is based on a better understanding of the actual status of buyer-minority business relationships. It is suggested that a better understanding of the impediments which currently exist will aid this process.

For large construction companies, perhaps using intermediary organisations such as MSDUK (Minority Supplier Development UK) and SDE (Supplier Development Europe) may be considered. Such an option could be used to facilitate information sharing in both directions – minority businesses could publicise their capabilities in a single location (i.e. by becoming members of organisations such as MSDUK, and/or SDE), reducing the cost to large firms of finding minority businesses, and large firms could post their purchasing requirements on the intermediary organisation's database, making it easier for minority businesses to identify potential contracts. This information sharing would be performed electronically through the relevant intermediary organisation's database.

From the minority business perspective, greater efforts need to be made to understand the competitive needs of large construction companies. Without this understanding, minority businesses will not be able to offer competitive products/services and will continue to be relegated to a minimal role. Ultimately,

today's competitive environment is intense and large construction companies will only consider minority businesses if they are truly competitive; therefore, minority businesses must not only achieve this 'fit to supply' status but must make large firms aware of this capability. Policy makers within the construction industry, large construction companies, and minority businesses, must work together to facilitate this process, especially as it relates to information sharing.

EMERGING CONCEPTUAL FRAMEWORK

The 'new' findings that have unfolded following this quantitative study have impacted further the conceptual framework that was used at the beginning of the study. A new conceptual framework has been developed to be taken forward for further investigation into Document Five (as illustrated in Figure 3), and is discussed below

In carrying out research for Documents One to Four thus far, a reoccurring issue that has surfaced throughout and yet has not been fully addressed in this research study is the concept of 'social exclusion'. The UK's construction industry is one example of an industry where it has been argued that action to address social exclusion is required. As Gale and Davidson (2006) note:

'The concept and politics of social exclusion is an important issue.

The construction industry is both the producer of an improved environment,

in terms of housing, infrastructure and facilities, as well as being

a major employer. Construction could be a central player

in any initiatives to address the problems of social exclusion.'

(Gale and Davidson, 2006:10).

In their report assessing the potential for supplier diversity, Ram *et al*. (2002) highlighted a number of barriers which included:

➢ Discrimination, particularly in the construction industry.

➢ A lack of information about potential ethnic minority business suppliers on the part of purchasing organisations, as well as of supply opportunities by potential suppliers.

➢ The procurement practices of many local authorities, which are often conservative, following bureaucratic rules.

➢ Tendering practices that are overly formalised, deterring ethnic minority businesses and very small firms.

<div align="right">Ram et al. (2002:6)</div>

The authors also highlight the construction industry when they discuss the policy implications of their research findings stating:

'...if supplier diversity is to be used to help ethnic minority

businesses diversify into higher value added activities, there is a need for targeted initiatives in areas of high ethnic minority business

concentration (e.g. construction and regeneration projects) and target participation rates for ethnic minority businesses in public

sector procurement programmes more generally' .

<div align="right">Ram et al. (2002:9)</div>

If the potential economic and social benefits of enterprise are to be fully realised, it is vital that all individuals in society have equal opportunities to contribute to and gain from the benefits of a strong small business sector. It is widely accepted, however, that without at least some intervention, the market cannot always be relied upon to deliver the most efficient, or socially desirable outcomes (SBS, 2003).

Earlier, I suggested that supplier diversity initiatives can be seen as a form of market intervention that could help achieve the desired positive economic and social outcomes. On completion of Document Three and the subsequent analysis, revealed that there is evidence of a business case for supplier diversity for companies that operate in the public sector of the construction housing industry (i.e. those companies whose main clients are public sector organisations), and in contrast there appears to be no business case for companies operating in the private sector of this industry (i.e. those construction companies dealing mainly with the private sector).

The subsequent analysis that has taken place following the survey based research for Document Four has unveiled some valuable insight into the perceptions held by both buyers and minority suppliers. Not only do buyers and minority businesses in the construction industry agree that there are impediments that exist which inhibit the successful formation of relationships between the two parties, but their views on the impediments which negatively effect relationships differ. In addition to this, both buyers and minority businesses differ to some degree on the approaches that they feel should be implemented which might address overcoming some of the hurdles that exist. However, much additional research is needed to fully understand the potential for successful relationships between large construction companies and minority businesses. Longitudinal and causal research is needed to better understand the true level of difficulty represented by the various impediments.

Another reoccurring theme which emerged during Document Four, and which has not been explored by researchers in the construction industry are issues surrounding 'trust' in the buyer-minority supplier relationship. Here, I think it would be particularly insightful to examine both the buyer's and the minority business owner's perspective through the lens of the themes presented in Smeltzer's (1997) model. That is, to explore how the buyer's and minority

business owner's perception of one another, in terms of their identity, image, and reputation, affect the degree to which they are 'trusted' by one another. The researcher suggests here that this links in with the concept of social exclusion, in that because there is a 'lack of trust' between both parties, this may be a variable contributing towards the lack of minority business representation in the industry.

The concept of supplier diversity links in with this because as found during Documents Three and Four, there is a business case for supplier diversity for large construction companies operating primarily in the public sector. Figure Three shows that the government's intervention to address 'market failure' in the SME market drives their agenda to address issues around 'social exclusion' which in turn results in the government placing 'pressure on stakeholders' to address issues surrounding diversity management - with supplier diversity being presented as one strand of diversity management. These stakeholders then place pressure on their clients (large construction companies) to address supplier diversity, who then deal with this in the form of 'strategic stakeholder management' under the 'strategic corporate social responsibility' banner. In order to implement supplier diversity successfully requires knowledge of the impediments that exist to the successful formation of buyer-minority supplier relationships: this produces two perspectives – the buyer's perspective and the minority business perspective. The buyer's perspective has already been examined and the business case from the large construction companies viewpoint has been identified and discussed in detail. Thus, leaving the business case from the minority business perspective remaining to be explored further. The business case for supplier diversity from the minority business perspective then links back into the correcting 'market failure' part of the model (as this is one of the reasons why it is suggested there is a business case for supplier diversity) which in turn links into the 'government addressing social exclusion' section of the framework.

Clearly, the focus needs to be narrow and in-depth for Document Five. So it is proposed that rather than trying to examine both the perspectives of large construction companies and minority businesses in the final phase of her DBA, the
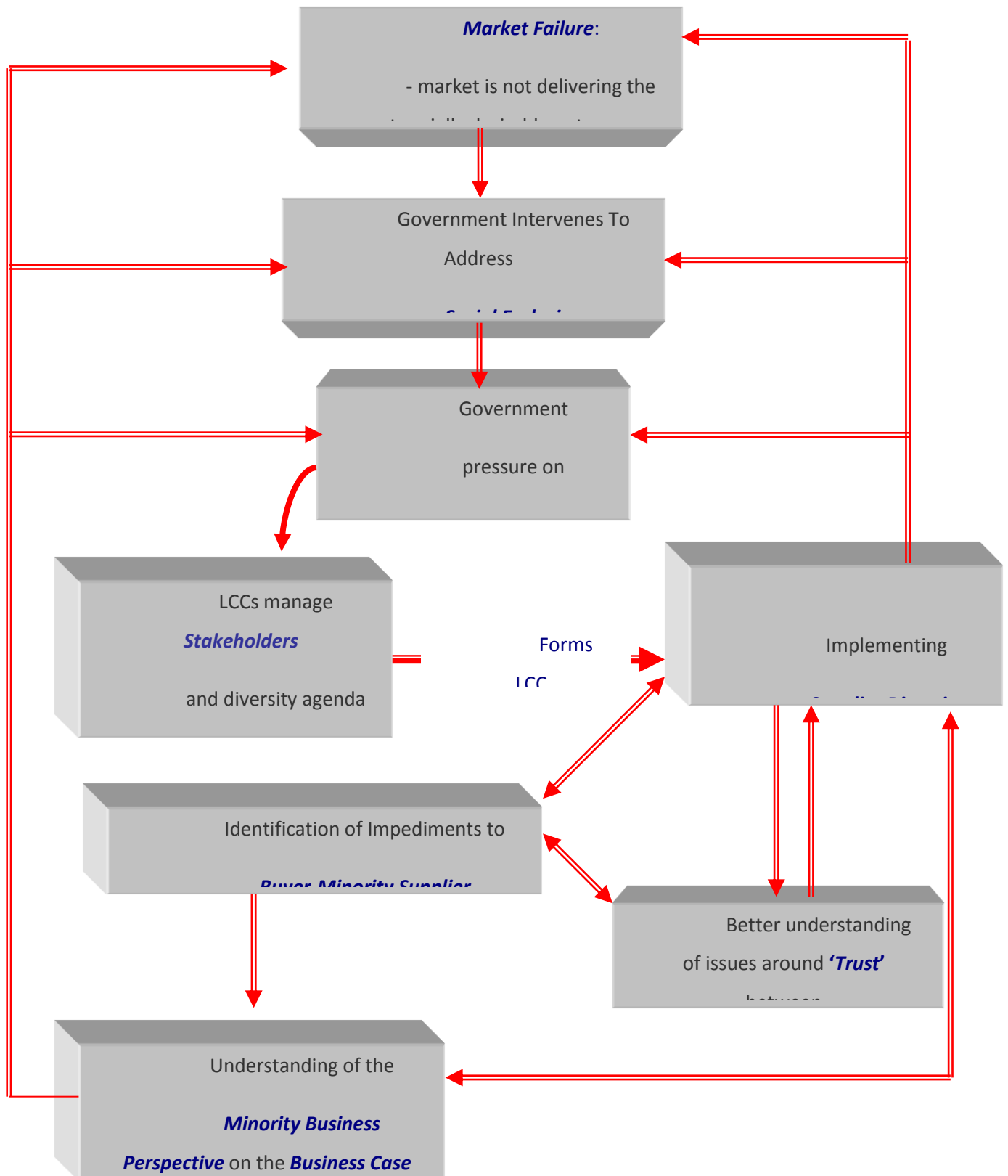
researcher should focus on one of the two groups. Given that to date, research in supplier diversity in its broadest sense, has concentrated by and large on the demand side i.e. on purchasing organisations, and Document Three covered the business case from the large construction company's perspective at length, the researcher proposes focussing the research effort for Document Five on the supply side and examining the business case for supplier diversity from the perspective of the minority business contractor. There is very little literature exploring the minority business perspective on the hurdles they face in the construction industry when trying to access contract opportunities, and in particular, there is absolutely no literature available which examines the business case for supplier diversity initiatives from the minority business perspective

For large construction companies who are seeking to engage with more minority businesses in their supply chain, a deeper level of understanding and the identification of the impediments that inhibit the effective implementation of their supplier diversity efforts is an important consideration. If there is a detailed understanding of what the perceived/actual barriers are from the minority business owner's perspective, this information could prove valuable in helping large construction companies to strive to address and overcome the hurdles that may currently exist to achieving diversity in their supplier base. In other words, understanding the nature of problems minority businesses face together with their views of what features they would like to see in supplier diversity initiatives may provide large construction companies with clues as to how to structure and manage supplier relationships effectively, and thereby allow for issues around social exclusion to be addressed more effectively in the industry. As Carter *et al* (1999) noted, purchasing managers are increasingly coming to accept that such programmes can have positive spin-offs that go beyond just window dressing for public relations purposes. Likewise, as highlighted by Levinson (1980), the transition from administrative programmes based on racial and ethnic standards to programmes that focus on 'social and economic disadvantage' is viewed favourably in that such programmes will better assist minority businesses and lead to the enhancement of the general economic welfare of the nation. Bates (1985) also agrees that supplier diversity initiatives and policies are beneficial in

removing traditional barriers to minority business participation in the economy and reducing the costs of transition to a less discriminatory economy.

The revised theoretical framework for this research is presented in Figure 3 below highlighting the key factors, constructs, and variables together with the relationships between them.

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Figure 3: Emerging Conceptual Framework

Market Failure:

- market is not delivering the

Government Intervenes To

Address

Government

pressure on

LCCs manage

Stakeholders

and diversity agenda

Forms

LCC

Implementing

Identification of Impediments to

Buyer-Minority Supplier

Better understanding

of issues around **'Trust'**

Understanding of the

Minority Business

Perspective on the *Business Case*

Looking forward to Document Five

It is recommended that moving forward to Document Five, both large sample empirical research and case study approaches would be useful. Indeed, case studies would be particularly useful in developing guidelines to be used in policy and strategy formulation.

It is proposed by the researcher that a closer analysis of the minority business owner's perspective of the business case for supplier diversity be undertaken, to further ground the developing literature and theory held to date. For this final phase of the DBA research plan, it is proposed that a sample of participants from the minority business sector are interviewed in-depth using a semi-structured interview process and structure. The aim of Document Five will be to assess:

AIM:

What is the minority business perspective on the business case for supplier diversity initiatives in the construction housing industry?

Within this overall aim are specific research objectives - the researcher proposes to ascertain the minority business perspective on the following:

➢ What is the potential for supplier diversity initiatives to help remove traditional barriers to minority business participation in the construction housing industry?

➢ How might supplier diversity initiatives help address issues around market failure and social exclusion?

➢ What is the potential for supplier diversity initiatives to help remove the impediments that currently are perceived to exist which inhibit the successful formation of buyer-minority supplier relationships?

The interview research material will be examined through the current literature on:

➢ Market Failure

- ➢ Social Exclusion
- ➢ Managing Diversity
- ➢ Corporate Social Responsibility
- ➢ Buyer-Minority Supplier Relationships, with a focus on the concept of 'trust'.
- ➢ Implementing Supplier Diversity

REFLECTIVE CRITIQUE

A thought occurred to me on reflection when reading through a book called 'Building Procurement' by Morledge *et* al. (2006). In the preface section of the book, the authors state:

'It is worthy of note that purchasers of construction

projects are usually referred to as clients rather than customers'.

Morledge *et* al. (2006:xv)

I realised I may be making a fundamental mistake by producing work that does not appeal to the relevant stakeholders in the industry simply because I have been using some terminology (throughout Documents One to Four thus far) that they do not really use and therefore this could potentially cause them to 'switch off' listening to the details of the research study I am hoping to get across. To correct this, my thought was that to make my work more 'user friendly' to relevant stakeholders, I should adopt language that is commonly understood within the industry – after all, if I were to talk about my research at a construction conference it certainly would make more sense to talk in 'the language of the audience'.

So for example, the key theme of my research is investigations in to the business case for 'supplier' diversity in the construction industry. When talking about suppliers I am referring to SME organisations commonly known as contractors (including sub-contractors) to the industry (as explained in the Definition Of Terms at the beginning of my papers). So on reflection now, I am seriously asking myself:

Would it not make more sense to change the title of my research from

'The Business Case For Supplier Diversity In The UK Construction Housing Industry', to,
*'The Business Case For **Contractor Diversity** In The UK Construction Housing Industry'?*

However, there is a flipside to this question as well. The term 'supplier diversity' is one which is more commonly known (as the literature review has shown) by various constituents which include government organisations, academics, business support agencies, and non-government organisations, to mention a few. So, there is a downside to changing this particular term in my writing (i.e. changing 'supplier diversity' to 'contractor diversity') in that it may potentially limit the appeal of my work to other potential interested bodies in other industries thereby limiting any possible career opportunities I may wish to pursue – so at this stage, I am still debating this question in my mind and will be looking to consult my supervisors on this for their views in the final phase of my DBA.

Similarly, rather than talking about 'customers' (as I have thus far in Documents One to Four), I should replace this with the term 'clients' when writing Documents Five and Six. This may seem obvious to the individual who has been working in the construction industry for years, but for a girl who until she started her DBA had no knowledge of the construction industry…this was a eureka moment!

Limitations of the Research

Looking back, there are some things that I would certainly have done differently. Achieving a good response rate to allow me to make my results more generalisable was a real problem and a huge worry for me. If performing such a study again, I would consider looking into speaking with a well

respected and recognised body within the construction industry (for example, the CITB, or Housing Corporation) to see if it was possible to get the organisation to sponsor the study. I think this would help in that by using a recognised and respected name and by having it printed at the head of the survey, potential respondents from the sampling frame may have been more likely to participate in the survey if they felt something was more likely to come through their participation.

Other limitations of this research include the following: firstly, quantitative researchers fail to distinguish people and social institutions from the 'world of nature'. Phenomenologists charge social scientists who employ a natural science with treating the social world as if it were no different from the natural order, and this means turning a blind eye to the differences between the social and natural world. Secondly, the measurement process used possesses an artificial and spurious sense of precision and accuracy in that the connection between the measures developed and the concepts they are supposed to be revealing was assumed rather than real. In addition to this, it presumed that when, members of the sample in this study responded to a question on the questionnaire, they interpreted the key terms in the question similarly. The limitation here is that respondents simply do not interpret such terms similarly. Thirdly, as Cicourel (1982) asks, how can we be sure if survey respondents had the requisite knowledge to answer a question or whether they were similar in their sense of the topic being important to them in their everyday lives? This was certainly a concern for this research study. Fourthly, as argued by Blumer (1956:685), studies that aim to bring out the relationships between variables omit 'the process of interpretation or definition that goes on in human groups'. This means the meaning of events to individuals is ignored and we do not know how such findings connect to everyday contexts.

Finally, another limitation is that the snowball sample used to select minority businesses is in no sense random. The problem with me adopting a snowball sampling technique is that it is very unlikely that the sample will be representative of the population, even though as already noted, the very notion of a population was problematic for me in these circumstances.

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DOCUMENT FIVE

DEFINITIONS & GLOSSARY OF KEY TERMS

This section identifies key terminology used in relation to the writing of this research study and proposes definitions, based on current common usage of these terms, within the contexts of the research setting.

Business Case

The 'business case' seeks to identify all the reasons which might make up a 'case' for a business to implement supplier diversity. For example, the 'business case' might include: legislative and policy developments; economic drivers; stakeholder pressures; ethical influences; changes in business demography; changes in customer demography; and, corporate social responsibility, to mention a few.

Supplier Diversity

Supplier Diversity Europe (SDE) considers 'supplier diversity' to be proactive activity undertaken by large purchasing organisations to ensure that all relevant, potential suppliers have the fair and equal opportunity to compete for business within their supply chains. This can include, 'under-represented' and 'local' businesses (small and medium firms and social enterprises that are majority owned and controlled by minority groups, including, but not limited to ethnic minorities, immigrants, women, disabled, lesbian, gay, bisexual and transgender people), small businesses (i.e. those with fewer than 50 employees), medium-sized businesses (those with 50-249) employees.

Under-represented Businesses

Small and medium firms that are majority (i.e. more than 50 per cent) owned and controlled by minority groups, including, but not limited to ethnic minorities, immigrants, women, disabled, lesbian, gay, bisexual and transgender people.

Positive Action

Positive action consists of proportionate measures undertaken with the purpose of achieving full and effective equality in practice for members of groups that are socially or economically disadvantaged, or otherwise face the consequences of past or present discrimination or disadvantage.

Minority Owned Business, or ,Minority Contractor

A minority business enterprise is a company which is at least 51% owned, controlled or operated by one or more individuals who are members of an ethnic minority group, are women, are disabled or are either lesbian, gay, bisexual or trans-gender.

Ethnic Minority Owned Business

A business which is at least 51% owned, controlled or operated by an ethnic minority.

Women Owned Business

A business which is at least 51% owned, controlled or operated by a woman.

Small Medium Enterprise (SME)

The Department of Trade and Industry states: there is no single definition of a small firm, mainly because of the wide diversity of businesses. Section 248 of the Companies Act of 1985 states that a company is "small" if it satisfies at least two of the following criteria:

> ➢ a turnover of not more than £2.8 million;
> ➢ a balance sheet total of not more than £1.4 million;
> ➢ not more than 50 employees

A medium sized company must satisfy at least two of the following criteria:

> ➢ a turnover of not more than £11.2 million;
> ➢ a balance sheet total of not more than £5.6 million;
> ➢ not more than 250 employees

For statistical purposes, the Department of Trade and Industry (DTI) usually uses the following definitions:

> ➢ micro firm: 0 - 9 employees
> ➢ small firm: 0 - 49 employees (includes micro)
> ➢ medium firm: 50 - 249 employees
> ➢ large firm: over 250 employees

For the purposes of this research, SMEs will be defined using the thresholds adopted by the DTI: an SME is a company that has 0-249 employees, a turnover of not more than £11.2 million and a balance sheet total of not more than £5.6 million.

Suppliers

Small-medium size enterprises (SMEs) working as contractors or sub-contractors in the construction housing sector.

Large Construction Companies

Companies operating in the public and private sectors of the construction housing sector, who have a turnover in excess of £11.2 million.

Large Purchasing Organisations

Companies operating in the public and private sectors of the construction housing sector, who have a turnover in excess of £11.2 million.

Clients

Purchasers of construction projects.

Construction Sector

The sector is defined as 'one which embraces the construction materials and products; suppliers and producers; building services manufacturers, providers and installers; contractors, sub-contractors, professionals, advisors and construction clients and those organisations that are relevant to the design, build, operation and refurbishment of buildings' (DTI, 2007).

ABSTRACT

As the construction industry faces increased pressures to act in a more socially responsible way, the concept of 'supplier diversity' is one of several topics that have found its way to the corporate social responsibility agenda. Often seen as a strand of the notion of ethical sourcing, the supplier diversity debate relates to the issue of promoting greater diversity in the supply chain by providing opportunities for traditionally under-represented suppliers to engage with large purchasing organisations. This thesis is an account of the final stage of a wider exploratory study assessing whether there is a business case for supplier diversity in the construction housing sector. Utilising an in-depth interview approach, it focuses on the merits of the 'business case' for supplier diversity from the perspective of the minority business owner operating as a contractor (typically a small firm), in the construction housing sector.

The research evidence presented stimulates a discussion about some very sensitive yet serious issues with the aim being to crystallise and create greater awareness of the business case for supplier diversity in the construction housing sector. The research findings provide a detailed insight to the key issues why minority business owners feel larger construction companies should act to implement effective measures to ensure they are managing diversity in their supply chain – these are examined through the lens of social exclusion, corporate social responsibility, diversity management, supplier diversity, and buyer-minority supplier relationships.

The research concludes that from the minority contractor's point of view, there is a compelling business case for supplier diversity. The minority contractor's perspective on the impact that a positive action scheme such as supplier diversity could achieve in terms of addressing the numerous barriers and obstacles faced by these SMEs is thought to be significant. The research reports on the minority contractor's perspective of supplier diversity and highlights a number of significant benefits which include amongst others: large construction companies demonstrating they are socially responsible; minority contractors believe they are more competitive than non-minority owned businesses with their pricing; supplier diversity programmes push buyers to engage more with the minority business community; minority contractors contribute significantly to the local economy; and, larger construction companies, have a duty to ensure a level playing field exists for all.

The research evidence also reveals that there are a large proportion of minority business owners operating in the construction housing sector that choose to exclude themselves from accessing contract opportunities with the larger construction companies – referred to in this study as an example of 'self exclusion'. A number of factors are highlighted which contribute towards this decision made by minority contractors to 'opt-out' and exclude themselves. This could be one explanation for why buyers for large construction companies report that their view is that it is hard to find qualified and capable minority businesses, thereby illuminating further reasons why the diversity record of the construction sector has been reported by many as being 'poor'

Based on both the minority contractor's and procurers perspectives of the business case for supplier diversity in the construction housing sector, the researcher recommends that supplier diversity programmes can certainly go some way to help address some of the issues and barriers to contract opportunities unveiled as a result of the research evidence. In particular, a well designed and successful supplier diversity initiative can help overcome much of the negative issues outlined in this study which includes: addressing the industry image in relation to diversity and sending out the right 'signals' to the minority business community; enabling procurement directors for large construction companies to demonstrate they are serious and willing to engage with minority contractors; large construction companies will be able to select from a larger pool of contractors thereby increasing their competitive advantage; supplier diversity enables 'doors to be opened' for minority contractors by inviting them to engage more with the larger construction companies, and, encouraging Tier 2 level contractors to implement supplier diversity further strengthens the industry's action response to the diversity agenda.

In looking beyond the business case, the researcher concludes that industry leaders and diversity practitioners, might do better to recognise that while there is no reason to believe diversity will naturally translate into better or worse results, diversity is both a labour market imperative and societal expectation. Therefore, managers for the larger construction companies might do better to focus on building an organisational culture, procurement practices, and the managerial and group process skills needed to translate diversity into positive organisational, group, and individual results.

Chapter 1

INTRODUCTION

What is the minority contractor's perspective on the business case for supplier diversity in the UK construction housing sector? What is their experience (if any) of competing for public/private sector construction/maintenance contracts? Are there any barriers minority businesses perceive exist, or encounter, when seeking to access contract opportunities with large construction companies? Is there a business case for supplier diversity programmes to help address some of the issues unveiled?

On the 23 July 2009, the Construction Industry Council (CIC) which represents the sector's professional institutions issued a press release stating that it is *'calling for the industry to unite to address the sector's poor performance on diversity'* (CIC, 2009). The chairman of the CIC, Keith Clarke, stated:

'The construction sector should recruit a workforce that reflects our client's needs. A diverse workforce brings new skills, makes the sector more appealing to a wide pool of recruits and improves staff retention. And on an international scale, it gives us a competitive advantage. We can no longer afford to lag behind the legal and medical professions'.

CIC (2009)

The significance of diversity is being studied by scholars from an array of disciplines including law, business ethics, organisational behaviour and information systems. Scholars are seeking to better understand diversity and how organisations can capitalise on it as a valuable resource, as evidenced by the rise of empirical research in this area (Whitfield and Landeros, 2006). Adroitly managing diversity has become a prominent issue in management theory and business practice (Pless and Maak, 2004). According to Holmes (2005), the number of firms engaging in some type of diversity activity or initiative is on the increase. Organisations are beginning to emphasise diversity as a core element in their business strategy and practices.

The research presented in this document tackles the important issue of diversity, as highlighted by the chairman of the CIC, in the construction housing sector. However, it tackles the issue from a different perspective which to date has not been researched before, by approaching the

issue from a different angle – an angle which I am confident would help the Diversity Panel within the CIC to see how its agenda could be achieved in other ways to compliment its existing work – that is, by turning its attention to the supply chain and assessing the business case for supplier diversity programmes specifically in the construction housing sector. The 'business case' in the context of this research seeks to identify all the reasons which might make up a 'case' for why a business may decide to implement supplier diversity (for example, the 'business case' might include: legislative and policy developments; economic drivers; stakeholder pressures; ethical influences; changes in business demography; changes in customer demography; and, corporate social responsibility, to mention a few). Therefore, this research study will hopefully prove beneficial to stakeholders such as the Construction Industry Council, the Equality and Human Rights Commission, the Housing Corporation, and large construction companies who are seeking to improve diversity in their contractor base, to mention a few.

In the field of supply management, many companies have responded to changing demographics and minority business growth rates by establishing supplier diversity initiatives (Whitfield and Landeros, 2006). Organisations are seeking to create corporate advantage by linking purchasing to the corporation's long-term objectives and strategies rather than viewing purchasing as a stand-alone activity within the supply chain. Purchasing has become a more strategically orientated business activity, and thus purchasing managers are realising how to leverage this enhanced clout to effect firm performance and long term organisational success (Chen *et al.* 2004). One key component of the heightened role and visibility of supply is to assist in establishing priorities in responding appropriately to opportunities and challenges of increased diversity in both the upstream and downstream marketplaces (Whitfield and Landeros, 2006).

The concept of supplier diversity is relatively new in the UK compared with the US where it has been firmly embedded in the strategic operations of both public and private sector corporate organisations. Academic research on supplier diversity is sparse. But this may be about to change. The increase here in membership of supplier diversity initiatives suggests that the concept is spreading. Pressure from stakeholders concerned with the organisation's reputation in the arena of corporate social responsibility (CSR) is helping to drive this trend. Companies aspiring to demonstrate responsible business purchasing practices are attracted by the notion of supplier diversity as a tool which can help address issues around social exclusion. In essence, the basic idea of supplier diversity initiatives is to offer under-represented businesses

the same opportunities to compete for the supply of quality goods and services as other qualified suppliers.

Past research has indicated how large organisations can benefit from involvement in a supplier diversity initiative, with particular emphasis on the 'business case', demonstrating that 'good ethics' can also mean 'good business' (Holford *et al.* (2009); Ram *et* al. 2002; Ram and Smallbone, 2003; Worthington *et al.* 2006; Worthington *et al.* 2007). In so doing, such research has demonstrated some of the major challenges confronting those who seek to engage with supplier diversity, highlighting key obstacles to the implementation of such initiatives on both the demand and supply side and suggested some ways in which these can be addressed.

Research in supplier diversity in its broadest sense, has concentrated by and large on the demand side i.e. on purchasing organisations. The purpose of this study is to extend this focus to the supply side and examine supplier diversity from the perspective of the minority business owner operating as a contractor (typically a small firm), in the construction housing sector.

The main focus of the research seeks to identify the minority business owner's perspective on the 'business case for supplier diversity' programmes in the construction housing sector.

The Key Findings from Documents Three & Four

The findings following the research carried out for Documents Three and Four, unveiled some interesting insights into the business case for supplier diversity from both the buyer and minority business owner's perspective in the construction housing sector. Document Three reported on the first stage of research undertaken, to explore whether there is a business case for procurement professionals to manage diversity in their supplier base. The paper also set out to identify any impediments that may exist that affect the formation of buyer/minority supplier relationships. It considered the experiences of large construction companies operating in the public and private sector that may/may not be involved in initiatives aimed at increasing diversity in their supplier base, and the experiences of minority businesses competing for public/private sector contracts. An in-depth field interview method was used to explore the experiences of both directors in charge of procurement for large construction companies and

minority business owners working as sub-contractors to this industry. The study revealed that there is evidence of a business case for supplier diversity for companies that operate in the public sector of the construction housing industry (i.e. those companies whose main clients are public sector organisations), and in contrast there appeared to be no business case for companies operating in the private sector of this industry (i.e. those construction companies dealing mainly with the private sector). It was concluded that a primary driver of corporate action in the construction housing sector appears to have been considerations of stakeholder management and social responsibility, with schemes promoting supplier diversity being presented as evidence of one facet of the organisation's attempts to engage more fully with the community in which it is based, from which it draws some of its resources and from which it derives part of its revenue. Acting in a more socially responsible way, in other words, has important links with and implications for the organisation's economic and commercial imperatives.

The outcomes of the research study for Document Three considerably impacted the conceptual framework in that it required the linkages between the various concepts to be re-aligned and drawn in a way that more accurately reflected what the 'actors' in the study had to say about their 'worldview' on the discussion topic. This 'newer' version of the conceptual framework was used as the basis for Document Four. The purpose of Document Four was to survey the extent to which both buyers for large construction companies and minority suppliers differ on their views of the impediments which were found in the research for Document Three.

The study for Document Four confirmed the hypothesis being tested i.e. 'both buyers and minority suppliers do differ on their views and perceptions regarding what the actual impediments are to the successful formation of buyer-minority supplier relationships'. Not only did the study find that both groups differ on their perceptions, but also revealed that the degree to which they differ is quite considerable. One possible explanation for this finding may be due to the fact that minority businesses feel they have more at stake in developing relationships with large construction companies and therefore responded in a more assertive manner.

The conclusions drawn for the Document Four survey revealed that there is some, albeit little agreement on the approaches that both groups feel should be implemented to help encourage the successful formation of buyer-minority businesses. For minority businesses, the focus on approaches should lend themselves to allowing minority businesses easier access to

contract opportunities with the larger construction companies. Such approaches should include: publishing a list of buyers names; simplifying the bidding process; a willingness from buyers to reach out to minority businesses; individual incentives for buyers to seek minority businesses in the procurement process; and for large construction companies to implement supplier diversity. The focus from the larger construction companies however was geared more towards measures to help buyers overcome the hurdles they face when trying to achieve more diversity in their supply chain. For example, identifying quality minority businesses is a real issue for buyers – a suggested solution was to provide all departments with a list of minority businesses.

Overall, the general agreement on the approaches to better buyer-minority supplier relations suggested that despite the tendency to blame the other group for the lack of cooperation, large construction companies and minority businesses believe that a combination of education and an emphasis on solutions, especially those that involve information creation and sharing, appears to represent the foundation on which future successful relationships will be built.

Moving Forward to the Final Phase

The final phase of this DBA study takes the findings obtained thus far, and moves forward by narrowing the research focus down to concentrate on and explore further the minority business owner's perspective on the business case for supplier diversity. Within the scope of this study, the research also seeks to further extend the current understanding of the minority business owner's perspective on the impediments which exist/or are perceived to exist, which inhibit the successful formation of contractual relationships between the two parties i.e. buyers for large construction companies and minority businesses, and assesses the views of minority contractors on how they suggest supplier diversity initiatives might help overcome the perceived/actual barriers that exist.

It is important to note at this juncture, that although the definition of 'diverse businesses' can also include gay/lesbian owned businesses and disabled-owned businesses (see Glossary of Terms), for reasons of maintaining focus in this study, the research concentrates on ethnic minority owned businesses and women-owned businesses as these two segments of diverse businesses seem to constitute the main area of debate by key stakeholder organisations such as

the Equality and Human Rights Commission and the Construction Industry Council, who have a vested interest in the diversity record of the construction housing sector.

Before proceeding to the research details for Document Five, it is important at this juncture to first describe the context for this research study i.e. to 'set the scene' – this is presented in Chapter Two. This is then followed by Chapter Three which highlights the conceptual framework for this thesis. Here, a summary is presented of how all of the research carried out for Documents One to Four 'weaves' together to form the current conceptual framework, with the aim being to allow the reader to 'follow' how and why the research leads to the research questions outlined for Document Five which are then presented in the proceeding Chapter Four, together with a discussion on the reasons behind the research questions. In so doing, the reader is able to see the 'picture' in terms of the questions: 'where did we come from?' and 'where do we go from here?'. This is followed by Chapter Five which presents an updated literature review covering the following subject areas:

- ➢ Social Exclusion
- ➢ Corporate Social Responsibility
- ➢ Managing Diversity
- ➢ Supplier Diversity
- ➢ Buyer-Minority Supplier Relationships.

Chapter Six discusses in-depth the methodological issues concerned within the context of the research setting, together with a discussion of my epistemological and ontological position. This is then followed by a detailed outline of the methods adopted for the research, and a discussion around the key considerations which I had to take into account when justifying the use of the method I adopted. Details of how the method was implemented in the study are also provided. This is then followed by an analysis of the findings presented in Chapter Seven together with recommendations, which are then proceeded naturally by the Conclusions of the study in Chapter Eight. Finally, recommendations for future research are highlighted in Chapter Nine, and a reflective critique of the research is provided in Chapter Ten.

Chapter 2

CONTEXT

'The concept and politics of social exclusion is an important issue. The construction industry is both the producer of an improved environment, in terms of housing, infrastructure and facilities, as well as being a major employer. Construction could be a central player in any initiatives to address the problems of social exclusion.'
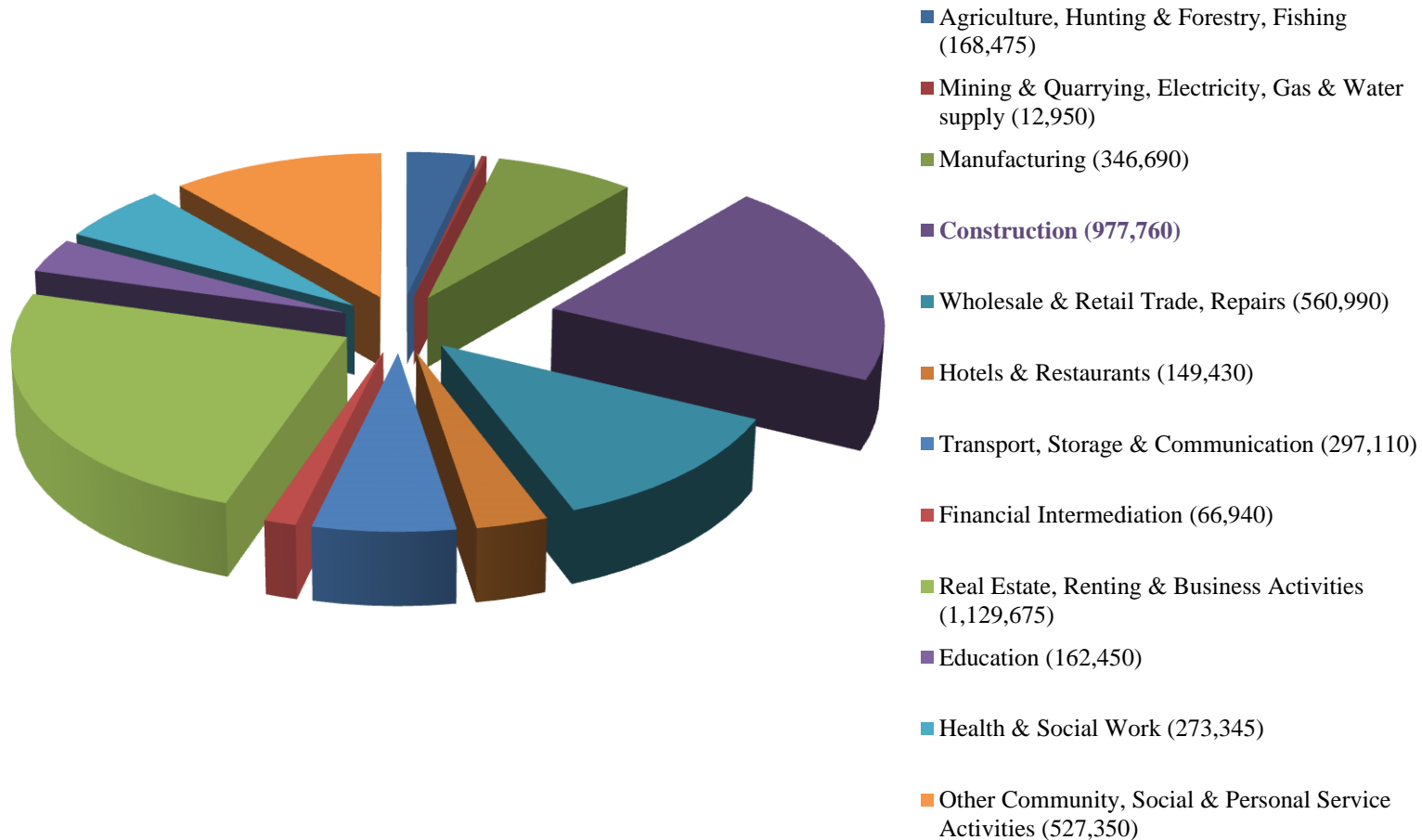
(Gale and Davidson, 2006:10).

The UK Construction sector is the second largest in the European Union, providing exports worth over £7bn - it contributes around 8.2 percent of the nation's GVA and employs around 2.1 million people in Britain which accounts for approximately 7% of total employment in the UK (UK Trade and Investment, 2008).

The Role of SMEs in the Construction Sector of the UK Economy

There are a total of 4.67million SMEs operating in the UK economy of which 977,760 are operating in the construction sector (BERR, 2008). This makes construction the UK's second largest sector after the real estate, renting, and business activities sector which accounts for 1,129,675 SMEs, as illustrated in Figure 1.

Figure 1: The Role of SMEs in the UK Economy – Number of SMEs by Sector

- Agriculture, Hunting & Forestry, Fishing (168,475)
- Mining & Quarrying, Electricity, Gas & Water supply (12,950)
- Manufacturing (346,690)
- **Construction (977,760)**
- Wholesale & Retail Trade, Repairs (560,990)
- Hotels & Restaurants (149,430)
- Transport, Storage & Communication (297,110)
- Financial Intermediation (66,940)
- Real Estate, Renting & Business Activities (1,129,675)
- Education (162,450)
- Health & Social Work (273,345)
- Other Community, Social & Personal Service Activities (527,350)

A Closer Look at the 'Make-Up' of Private Contractors in Construction

The construction sector is an extremely diverse industry composed of contractors, consultants, building materials and product producers. It is dominated by small-medium business enterprises (SMEs) with a relatively small number of large companies (DTI, 2007). The industry is generally driven by single and unique projects, each creating and disbanding project teams made up of varying combinations of large and small firms from across the supply chain perspective. Appendix A provides the following four tables which give a clear picture of the activity of private contractors in the construction sector by showing their structure in terms of:

1. Number of Firms & Size of Firm
2. By Trade of Firm
3. By region of Registration
4. By Number of Firms and Size and Trade of Firm

Minority Business Representation in the UK Construction Sector

Despite it being the UK's second largest sector, the Construction industry is renowned for its poor reputation for diversity (CIC, 2009; UMIST, 2004). Women and ethnic minorities remain seriously under-represented despite European Union policy to overcome labour market segregation (Byrne *et* al. 2005). Commenting on this subject in a speech at a conference in London where the theme was to look at how to close the skills gap in the construction sector, Sir Michael Latham, chairman of ConstructionSkills, told the audience:

'If the industry is to succeed at such a challenging time we will need new, committed and talented people. It must also be a workforce that makes use of the talents of all UK citizens regardless of age, gender or ethnic background. Otherwise, we will simply not succeed in recruiting the volume of people we need. The construction industry has always struggled to attract a diversity of employees which accurately reflects the UK's population. Currently, the construction craft workforce is made up of only 1% women and 3% ethnic minorities. Yet within ten years, ethnic minorities will make up one half of the growth in the wider UK workforce and women are becoming the majority. The logic is simple: we must change the way in which we recruit, and we must work hard to improve the image of the industry to appeal to a fresh pool of recruits'.

ConstructionSkills (2008)

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The Ethnic Minority Business Task Force (2009) estimates that the Black, Asian and Minority Business (BAME) base in the UK:

➢ Comprises 410,000 businesses

➢ Comprises 9 per cent of all VAT/PAYE registered businesses in the UK (that is around 212,300 BAME businesses)

➢ Contributes between £30 billion and £40 billion of national gross value added

➢ Is generally located in the traditional sectors of wholesale and retail trade and food service activities

➢ Is growing in presence in high value sectors including finance, business and professional services, IT and the creative and media industries

➢ Will double in size in some regions by 2020.

Ethnic Minority Business Task Force (2009)

With regards to women-owned businesses, Prowess (2009) reports the following figures:

➢ There are approximately 1,013,000 self-employed women in the UK

➢ In the UK, women-owned businesses comprise approximately 16 per cent of the business stock and women comprise approximately 27 per cent of the self-employed population.

Prowess (2009)

Of the total figures reported for Black, Asian and Minority businesses and Women-owned businesses by both the Ethnic Minority Business Task Force (2009) and Prowess (2009), the most recent statistics published by the National Guidance Research Form (NGRF, 2010) report the following:

Ethnicity – 3% of the construction workforce is non-white compared to 7% of the resident population aged 18-80 years. The highest occurrence of the non-white construction workforce is in London (11%). Ethnic minorities represent:

➢ 2.8% of those employed in the construction industry

➢ 3.6% of all non-manual occupations

➢ 2.6% of all manual occupations

➢ 3.2% of all professional and managers in the construction industry

> ➤ 10% of all those enrolling on a construction related degree course
> ➤ 2.3% of all sole traders
> ➤ 2.9% of entrepreneurs running micro-enterprises employing less than 10

Table 1 provides a breakdown of the figures to show the proportion of non-white ethnic minorities in construction by nation.

Table 1: Proportion of Non-White Ethnic Minorities in Construction by Nation, 2004

Percentage of Non-White Ethnic Minorities	England	Scotland	Wales
Population	10%	2%	2%
Economically active	8%	2%	2%
Construction workforce	3%	Less than 1%	1%
Craft & trade occupations	3%	0%	1%
Construction design & management	4%	1%	0%
All other occupations in construction	4%	0%	0%
Construction sole traders	3%	0%	0%

Source: CITB-ConstructionSkills Diversity in Construction 2004.

The increasing use of migrant workers in construction in particular areas of the UK has become a significant feature of the labour force, though evidence is still largely anecdotal. Available evidence relates only to legal migrant workers - though illegal migrant workers are clearly an issue (NGRF, 2010).

Gender – In construction, women account for:

➢ Approximately 10% of those employed in the construction industry

➢ 30% of all non-manual employment

➢ 1% of all manual employment

➢ 11.6% of all professionals and managers in the construction industry

➢ 20% of all under-graduates of construction-related degree courses

➢ 2% of all sole traders

➢ 7% of entrepreneurs running micro-enterprises employing less than 10

(**Source**: Sector Skills Agreement for Construction – England 2005, CITB-ConstructionSkills Trainee Numbers Survey 2004/2005 and IFF Research Ltd, with University of Warwick)

A similar theme was reported a couple of years earlier by Sodhi and Steele (2002) who found that:

➢ Less than 3% of the industry was Black or Asian but the national average was 6.4% (of working age).

➢ 10.1% of the construction industry workforce were women

➢ Two-fifths (39%) of ethnic minority construction employees had experienced racist remarks.

➢ Although 97% of firms had an equal opportunities policy only 50% checked to see if it was working.

(Sodhi and Steele, 2002).

On the same issue, Clarke *et* al. (2006) state:

'The most severely male-segregated sector is the construction industry'.

Clarke *et* al. (2006:151)

Despite efforts in the UK construction housing industry by: government bodies (which include The Housing Corporation, the Equality and Human Rights Commission, and the Office of the Deputy Prime Minister), housing associations, large construction companies, and minority owned businesses, to promote buyer-supplier relationships, the approaches and challenges involved in these relationships continue to be misunderstood by the majority of these

constituents (Boyal, 2007). Perceptions regarding these relationships vary greatly, especially between procurement professionals and minority businesses.

Skills Shortage in the Construction Sector

It is common knowledge that there is a huge skills shortage within the construction industry. According to government statistics, the construction industry needs around 88,000 new entrants per year in craft, technical, professional and management roles, and estimates it will need 250,000 people skilled to National Vocational Qualification (NVQ) level 2 by 2010 (KAL, 2010). The Construction Industry Training Board (CITB), conscious of this skills shortage has set itself a target of an annual 10% increase in New Entrant Training places for women and Black and Asian people aged 16 to 23. Innovative projects such as 'Building Equality in construction' have also been set up to focus on promoting and maintaining diversity within the construction industry, through developing partnership methodology between clients (housing associations) and the building contractors. This project also includes on going research at UMIST and University of Salford, and regular conferences to ensure that diversity is being driven in the construction sector (KAL, 2010).

Despite this however, the construction industry continues to be criticised for having an extremely poor diversity record (Agapiou and Dainty, 2003; Dainty *et al.*, 2004; UMIST, 2004; Caplan and Gilham, 2005; Graft-Johnson *et al.*, 2005; Newton and Ormerod, 2005; Steele and Todd, 2005). The industry employs 70 per cent fewer ethnic minority people than the UK industry average (CITB, and Royal Holloway University of London, 1999). Commenting on such figures, Cavill (1999) argues that:

'The construction industry does not have a good record on recruiting and then developing employees from ethnic minorities. This is a missed opportunity, not only for people who may be well suited to a job in construction but also for the industry itself.

Cavill (1999:20)

The evidence presented following the interviews carried out with procurement directors for Document Three, suggested that from the construction firm's point of view, given that there is a huge skills shortage, there are no real barriers for willing and able minority businesses

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wishing to engage in their supply chain. There also seems to be a perception amongst large construction firms that the numbers of minority businesses operating in the construction industry are very low (Boyal, 2007). For minority businesses however, the perception is somewhat different where barriers to mainstream supply chain are perceived to exist (see for example, Boyal, 2007; Harrison and Davies, 1995; Sodhi and Steele, 2002; Sodhi and Steele, 2004; Steele and Todd, 2005).

There is a dearth of research investigating diversity in the construction industry, and the majority of material relates to strategies to achieve workforce diversity, for example see (Davey *et al.*, 1998; Agapiou and Dainty, 2003; Dainty *et al.*, 2004; UMIST, 2004). Other studies have revealed that the industry more generally has failed to be inclusive and diversify its workforce (for example see Caplan and Gilham, 2005; Graft-Johnson *et al.*, 2005; Newton and Ormerod, 2005). In comparison, there is no literature on the business case for supplier diversity programmes in the construction housing industry. What literature does exist applies more to the employment of minority suppliers in the public sector, and these studies focus only on Black and Asian minority enterprises – here, barriers have been found to exist for minority businesses seeking to trade with housing associations.

Historically, large corporations and minority-business enterprises have encountered many impediments as they have worked together (see for example: Harrison and Davies, 1995; Ram *et* al. 2002; Ram and Smallbone, 2003; Sodhi and Steele, 2002; Steele and Sodhi, 2004; Steele and Todd, 2005). If the potential economic and social benefits of enterprise are to be fully realised, it is vital that all individuals in society have equal opportunities to contribute to and gain from the benefits of a strong small business sector. It is widely accepted, however, that without at least some intervention, the market cannot always be relied upon to deliver the most efficient, or socially desirable outcomes (SBS, 2003). As a result, the government has adopted public policy (for example, the recent Equality Act 2010, the Local Government Act 2000, and the Race Relations Amendment Act 2002) to help promote greater interaction between large firms and minority businesses. In the last few years, there has been a plethora of good practice reports published offering guidance to public sector organisations on how to address race equality issues in their business procurement practices (see for example: Eagon, 1998; CRE, 2003 and 2005; Holford *et* al. 2009; Michaelis *et al.*, 2003; and, ODPM, 2003). Despite this however, construction companies continue to appear under the spotlight for their inadequate

action in complying with the statutory duty in relation to their contracting powers (see for example, Sodhi and Steele, 2002).

So why is there a difference in perception between buyers for large construction companies and minority businesses acting as contractors/sub-contractors to the industry? One could say this is possibly an example of 'market failure' – the kind of market failure that the government is seeking to correct in its action plan for SMEs (SBS, 2003). Johnson (2005) provides a critical assessment for the state to intervene in the economy in favour of specific groups of individuals, namely SMEs, their owners/managers and possibly people who aspire to become SME owner/managers, and states that the primary focus is upon the 'market failure' framework that dominates the thinking of the current UK government, but also that of the European Union and many other governments throughout the world:

'Put simply, the idea is that the only legitimate justification for governments to intervene in the economy (and thereby directly or indirectly spend taxpayers' money) comes about in cases where the operation of the free market process does not result in the most efficient possible allocation of resource'.

Johnson (2005:2)

During Document One, I made a case for why examining the impediments that inhibit the successful formation of buyer-minority supplier relationships in the construction housing sector would be useful, and suggested that the research will benefit the majority of stakeholders who have a vested interest in the diversity performance in the sector, which include: government bodies seeking to correct for specific market failures with regards to under-represented groups in the SME sector; procurement professionals in the construction industry seeking to achieve greater diversity in their supply chains; and, minority businesses would benefit from the learning outcomes.

As there has been no study to date specifically addressing the minority business perspective on the business case for supplier diversity programmes in the construction housing sector, as a researcher, I will be adding to current knowledge; and, the findings of the research may help to shape policy in this industry.

Throughout Documents One to Four, I recommended that for large construction companies who are seeking to engage with more minority contractors in their supply chain, the identification of the impediments that inhibit the effective implementation of their supplier diversity efforts is an important consideration. Equally, for minority business owners that are seeking contract opportunities with large construction companies, knowledge of what buyers look for in a supplier could help the minority business owner to ensure the business is 'fit to supply' and potentially increase its chances of winning contract work with the larger firms. I argued that if there is an understanding of what the perceived/actual barriers are from both the buyer's perspective, and the minority business owner's perspective, this information could prove valuable in helping both buyers and minority suppliers to mutually strive to address and overcome the hurdles that may currently exist. In other words, understanding the nature of the relationship that exists between large construction companies and minority businesses may provide clues as to how to structure and manage supplier relationships effectively, and thereby allow for issues around social exclusion to be addressed more effectively.

As Campbell (1997) notes:

'Empirical research on the different perspectives buyers and sellers bring to a relationship remains quite rare. Understanding each side's perspective is important since when firms understand and appreciate each other's view points, they are able to arrive at a working consensus and manage their partnership more effectively'.

Campbell (1997:417)

The focus of this study for Document Five is to understand more fully the minority contractor's perspective on the business case for supplier diversity. The research carried out for my DBA thus far has unveiled some important insights to the issues highlighted both in relation to the buyer's perspective and the minority business owner's perspective. Clearly, the focus for Document Five needs to be 'narrow' and consequently much more detailed, hence the reason for 'magnifying' the research study to focus more fully on the supply side and assess the minority business perspective. The rationale here being that extensive research already exists for the demand side i.e. the buyer's perspective, and much of the research carried out for the production of Documents Three and Four focussed on the demand side. Therefore, by concentrating on the minority business perspective, I am hoping to produce research which is 'fresh', 'new' and 'more useful' to relevant stakeholders who have a vested interest in this arena.

Chapter 3

CONCEPTUAL FRAMEWORK

The conceptual framework for this thesis is illustrated in Figure 2. This revised theoretical framework highlights the key factors, constructs, and variables together with the relationships between them, which are used as the basis for Document Five. For clarity, attention is drawn in particular to the section/box in this conceptual framework titled 'Understanding of the minority business perspective on the business case for supplier diversity' - the research for Document Five will aim to produce new findings for this section of the framework. The other sections of the conceptual framework form the lens through which the new findings will be analysed.

(Note: 'LCC' in Figure 2 is an abbreviation in the diagram for 'Large Construction Companies').

Figure 2: Conceptual Framework for Document Five

Market Failure:
- market is not delivering the most socially desirable outcomes

Government Intervenes To Address
Social Exclusion
to help the market deliver the most socially desirable outcomes

Government
pressure on
large organisations to better
Manage Diversity agenda

LCCs manage *Stakeholders*
and diversity agenda under
the banner of
*Strategic Corporate
Social Responsibility*

Forms LCC
Business Case for:

Implementing
Supplier Diversity
successfully

Identification of Impediments to
Buyer-Minority Supplier Relationships

Better understanding of issues
around '*Trust*' between
buyers and minority suppliers

Understanding of the
Minority Business Perspective on
the *Business Case* For
Supplier Diversity

In carrying out research for Documents One to Four, a reoccurring issue that has surfaced throughout and yet has not been fully addressed in this research study is the concept of 'social exclusion'. The UK's construction industry is one example of an industry where it has been argued that action to address social exclusion is required (Gale and Davidson, 2006). In their report assessing the potential for supplier diversity, Ram *et al.* (2002) highlighted a number of barriers which included:

> ➢ Discrimination, particularly in the construction industry.
> ➢ A lack of information about potential ethnic minority business suppliers on the part of purchasing organisations, as well as of supply opportunities by potential suppliers.
> ➢ The procurement practices of many local authorities, which are often conservative, following bureaucratic rules.
> ➢ Tendering practices that are overly formalised, deterring ethnic minority businesses and very small firms.

Ram *et al.* (2002:6)

The authors also highlight the construction industry when they discuss the policy implications of their research findings stating:

'If supplier diversity is to be used to help ethnic minority businesses diversify into higher value added activities, there is a need for targeted initiatives in areas of high ethnic minority business concentration e.g. construction and regeneration projects' .

Ram *et al.* (2002:9)

Another reoccurring theme which emerged during Document Four, and which has not been explored by researchers in the construction industry are issues surrounding 'trust' in the buyer-minority supplier relationship. Here, I think it would be particularly insightful to examine both the buyer's and the minority business owner's perspective through the lens of the themes presented in Smeltzer's (1997) model. That is, to explore how the buyer's and minority business owner's perception of one another, in terms of their identity, image, and reputation, affect the degree to which they are 'trusted' by one another. Given the focus of this study however, the attention would be on exploring the minority business owner's perspective. I suggest here that this links in with the concept of social exclusion, in that because there is a 'lack of trust' between both parties, this may be a variable contributing towards the lack of minority business representation in the industry.

The concept of supplier diversity links in with this because as found during Documents Three and Four, there is a business case for supplier diversity for large construction companies operating primarily in the public sector. The emerging conceptual framework illustrated in Figure 2 shows that the government's intervention to address 'market failure' in the SME market drives their agenda to address issues around 'social exclusion' which in turn results in the government placing 'pressure on stakeholders' to address issues surrounding diversity management - with supplier diversity being presented as one strand of diversity management. These stakeholders then place pressure on their clients (large construction companies) to address supplier diversity, who then deal with this in the form of 'strategic stakeholder management' under the 'strategic corporate social responsibility' banner.

In order to implement supplier diversity successfully requires knowledge of the impediments that exist to the successful formation of buyer-minority supplier relationships: this produces two perspectives – the buyer's perspective and the minority business perspective. The buyer's perspective has already been examined and the business case from the large construction company's viewpoint has been identified and discussed in detail throughout Document Three. Thus, leaving the business case from the minority business perspective remaining to be explored further. The business case for supplier diversity from the minority business perspective then links back into the correcting 'market failure' part of the model (as this is one of the reasons why it is suggested there is a business case for supplier diversity) which in turn links into the 'government addressing social exclusion' section of the framework.

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Chapter 4

RESEARCH QUESTIONS

A closer analysis of the minority business owner's perspective of the business case for supplier diversity initiatives will be undertaken, to further ground the developing literature and theory held to date. For this final phase of the DBA research plan, a sample of thirteen participants from the minority business sector are interviewed in-depth using a semi-structured interview process and structure.

The main summary points from Documents Three and Four revealed:

> ➤ The government and industry bodies such as the Construction Industry Council have intervened putting pressure on stakeholders to better manage diversity and inclusion.
> ➤ There is a perceived lack of 'trust' which exists between large construction companies and minority business owners.
> ➤ Diversity is an issue for the industry.
> ➤ Impediments do exist to the successful formation of buyer-minority supplier relationships.
> ➤ Minority businesses perceive themselves as 'socially excluded'.
> ➤ Large construction companies perceive this as a 'capability/quality issue and a lack of minority businesses' issue.

The key findings of the interviews and survey carried out with the large construction companies during Documents Three and Four, highlighted that supplier diversity truly is a 'grey area' for buyers. In particular their main concerns centred around the question of *'where to find qualified and capable minority businesses?'*

This final phase of the study is not about placing the onus and responsibility on the buyer for the large construction company. Albeit, responsibility has to come from 'both sides' i.e. the demand and supply side, as in a game of football, for Document Five, I 'kick' this issue back to the minority business sector and say the following which may be viewed by some as a harsh statement: *'Let us assume from the research carried out thus far, that large construction companies are more than willing to engage with minority contractors. However, the hurdle they say they face is that they find it difficult to access qualified and capable minority businesses. With this in mind, let us say that hypothetically speaking, if the majority of the UK's large construction companies 'got on the field' and implemented supplier diversity programmes as demonstration of their efforts to engage more fully with the minority business sector, what then do minority businesses have to say about: 1. What will drive supplier diversity in the construction housing sector?, and, 2. What do minority businesses feel they can, and should do to equally fully play the role from 'their side' on the field?'*

So the question arising from the above as illustrated in Figure 3 is:

How can the two parties be brought together? That is, how do we bridge the gap full of impediments and transfer this to a business relationship?

Figure 3: Bridging the 'Gap of Impediments'

Large Construction Companies

Gap Of Impediments
To Contractual Relationships

Minority Businesses

Large Construction Companies

Contractual Relationships

Minority Businesses
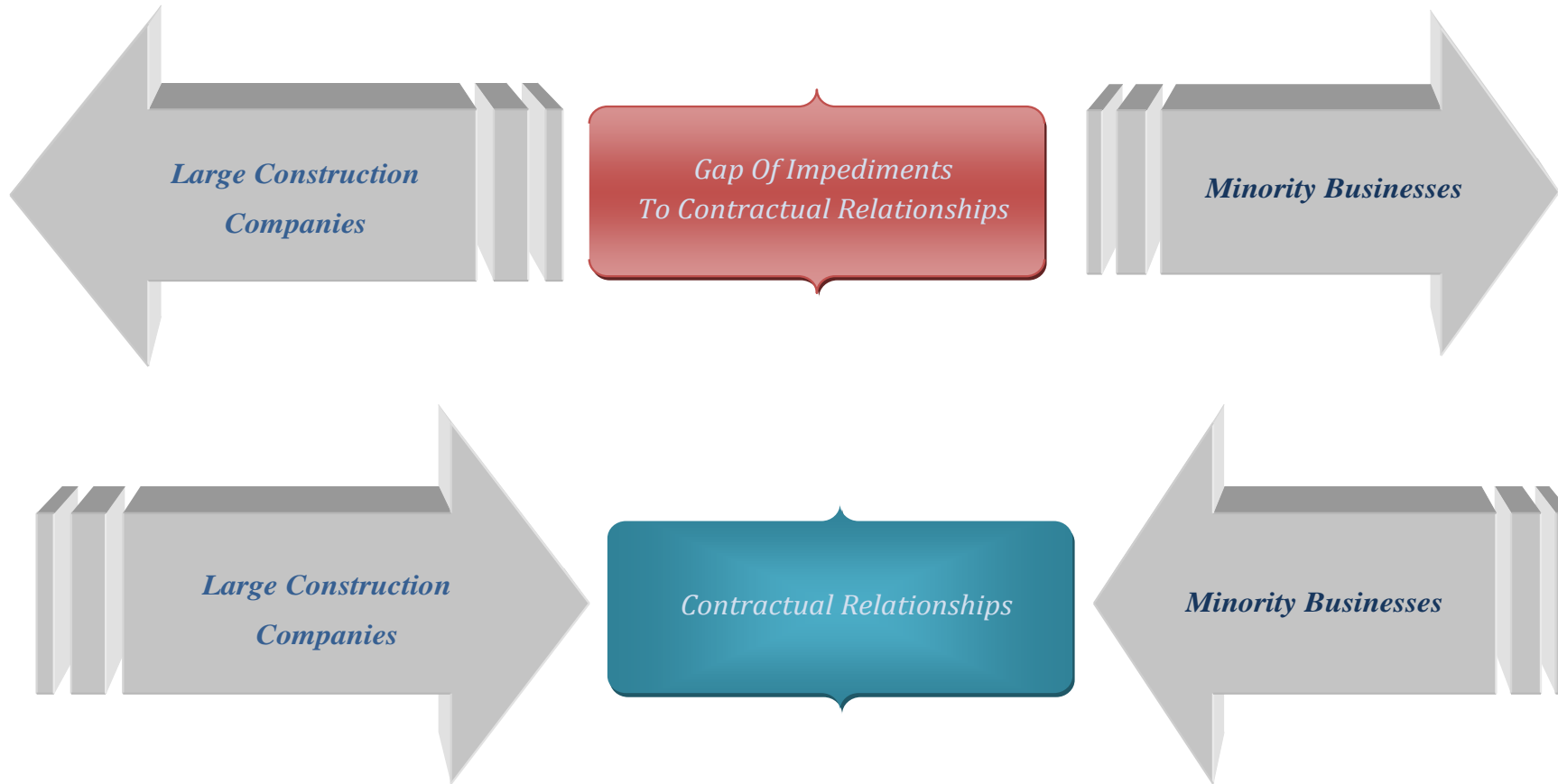
With the above detailed 'picture' in mind, the aim of Document Five is to assess the following:

AIM:

What is the Minority Business Perspective on the Business Case for Supplier Diversity in the Construction Housing Sector?
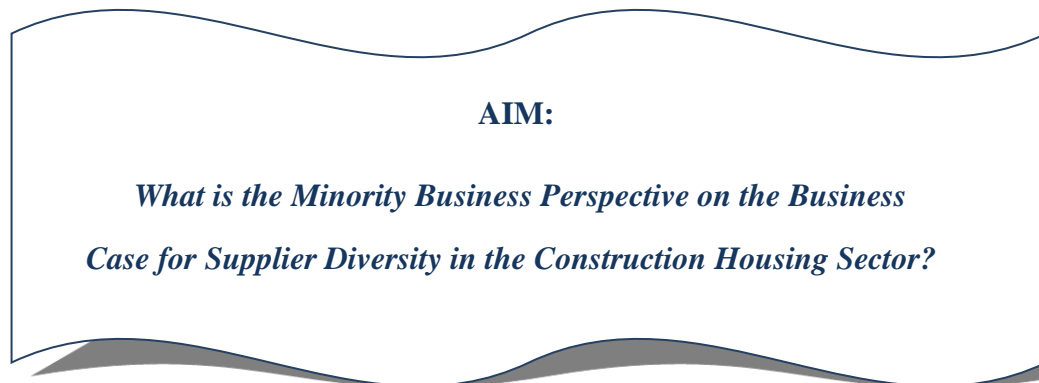
Within this overall aim are specific research objectives – I propose to ascertain the minority business perspective on the following:

➢ How can the two parties (i.e. buyers and minority contractors) be brought together? That is, how do we bridge the gap full of impediments and transfer this to a business relationship?

➢ What is the potential for supplier diversity programmes to help remove the impediments that currently are perceived to exist which inhibit the successful formation of buyer-minority supplier relationships?

➢ What is the minority business perspective on what they as businesses can do to help drive supplier diversity in the construction housing sector?

➢ What is the minority business perspective how large construction companies can better manage diversity and inclusion in their contractor base?

➢ What is the minority business perspective on how buyer-minority supplier relationships can be improved?

➢ What is the minority business view on the role and operation of intermediary organisations such as MSDUK and SDE which have been set up to help drive supplier diversity in the UK? Can such intermediary organisations in their view help remove the impediments that currently are perceived to exist which inhibit the successful formation of buyer-minority supplier relationships?

The interview research material will be examined through the current literature on:

- ➢ Social Exclusion
- ➢ Corporate Social Responsibility
- ➢ Managing Diversity
- ➢ Supplier Diversity
- ➢ Buyer-Minority Supplier Relationships

It is important to note here, that although the notion of 'market failure' also forms part of the conceptual framework, having read through the limited literature available on market failure, I decided not to include this as part of my literature review. There were several reasons for this decision:

1. The body of literature on market failure has a real 'economic focus' and this is something that I wish to steer away from in this paper. The reason being that it does not 'fit' with the other areas of literature I am seeking to cover from the 'angle' in which I am approaching this study. Specifically, my focus and aim is to stay as 'close' as possible to the whole concept of 'managing diversity and inclusion' in this research study. By drawing some of my attention away to discussing the economic literature, there is a danger that this study will become diluted and drift away from the actual research questions.

2. I recognise that there are various lenses through which the business case for supplier diversity can be analysed, and clearly I cannot cover them all. The research for Document Five needs to be narrow and more focussed, hence the reasons for selecting and focussing on the majority of the components in the conceptual framework presented in Figure 2 with the exception of the market failure element.

Although I am not covering the topic of 'market failure' in the literature review, it is important that I provide a definition of what I mean by this term in the context of my research. An economic definition of market failure is provided by (Wilkinson, 2005) who states:

'Market failure occurs when the market system produces
socially unacceptable outcomes'.

(Wilkinson 2005:60)

The following statement however, summarises more succinctly my own personal definition and understanding of what I mean by market failure within the context of this study:

Market failure is the breakdown in the ability
of supplier and purchaser to be in a fair contract position.

Chapter 5

LITERATURE REVIEW

'The importance of the cited literature is at least twofold in that it informs the present study in terms of both substance and methodology'.

Light *et al*. (1990:4)

It was necessary at this stage of the research for me to not only build on, and update, the previous literature review which I had carried out for Documents One to Four, but to also add to this another emerging theme, namely social exclusion, which occurred as a result of the research carried out to date. In light of this, Chapter 5 presents a detailed literature review which covers the following subject areas:

- ➢ Social Exclusion
- ➢ Corporate Social Responsibility
- ➢ Managing Diversity
- ➢ Supplier Diversity
- ➢ Buyer-Minority Supplier Relationships.

SOCIAL EXCLUSION

'I suggest that the concept of social exclusion has two distinct connotations: its comprehensiveness and its dynamic character. Together these connotations make it a difficult, but at the same time, a very useful concept'.

Berghman (1995:16)

The expression 'social exclusion' is everywhere in contemporary UK social policy, not only in the process of policy development but also at the sharp end of policy implementation (Byrne, 2005). In their research which investigates social exclusion of ethnic minority tenants in the social housing sector, Somerville and Steele (2001) report the term 'social exclusion' derives from its use within the European Union when it was co-opted by policy makers and politicians in the early 1990s. The focal point in EU debates has tended to be labour market concerns, in particular unemployment levels (Levitas, 1996; Madanipour *et al*. 1998). Prior to this, Ratcliffe (2001) reports the concept of social exclusion had long been used in relation to racial discrimination. What has happened in recent years can be characterised, to some extent, as a 'de-racialisation' of the concept of social exclusion and its generalisation to a wide range of types of social relations (Somerville and Steele, 2002).

Somerville and Steele (2002) comment on the problematic comprehensive nature of social exclusion which they view stems from its inherent vagueness and ambiguity. For example, does it mean that similar dynamics take place in employment, housing, education, health and so on and, if so, what exactly are these dynamics. This presents an interesting question from a research perspective within the context of this study which I will explore further through the in-depth interviews carried out for this Document. That is, if the minority business perspective on the business case for supplier diversity encompasses the fact that they perceive there is evidence of minority businesses being socially excluded in the construction sector, what then are the dynamics of this exclusion?

Elements and Dimensions of Social Exclusion

Despite the well-intentioned commitments by UK government to place the reduction of social exclusion at the forefront of social policy, there is a lack of clarity, within both academic and political circles, about what the notion of social exclusion actually captures and this is something that can seriously undermine policy making (Barnes, 2005). The dynamic nature of social exclusion has been explored by many sociologists (see for example: Byrne, 1999; Jordan, 1996; Parkin, 1979; Walker and Leisering, 1998). Berghman (1995) identifies two distinctive elements of social exclusion:

1. Its *comprehensive* character – signifies that social exclusion operates in all areas of society.
2. Its *dynamic* character – refers to the idea that exclusion implies a relationship between excluders and excluded which is continually re-negotiated.

Steele and Somerville (2002) acknowledge the 'multi-dimensional character of social exclusion', by which they mean the tendency for socially excluded individuals to be excluded from a number of different life chances (for example, housing, education, health, leisure, employment, and so on) and on the basis of a number of different categories (race, gender, sexuality, class, and so forth). They provide an example of a black woman who may experience social exclusion both as a woman and as a black person, and highlight that this does not mean that the characteristics shared by sexism and racism are more important than what distinguishes them. In light of the findings reported by Somerville and Steele (2002), as part of this research, I will explore any evidence of the differential character of social exclusion as it affects different minority businesses in different areas, and identify wherever possible the dynamics of that social exclusion. Ginsburg (1992), states that for the dynamics of social exclusion to be taken seriously, one must reject the idea that racism is monolithic and affects different ethnic groups in the same way or even different individuals in the same way within a given ethnic group. This raises a further interesting point within the context of this study and will be explored further with minority businesses in this study.

Ratcliffe (2001) highlights that 'exclusion' can be seen as a number of distinct, but inter-related dimensions which can be seen as threefold: *cultural, material, and spatial*. The cultural needs and aspirations of minority citizens is probably the least recognised in the literature. Material inequalities arising from exclusionary processes are rather more obvious, and this was certainly the case in the studies conducted by Harrison and Davies (1995); CITB and Royal

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Holloway London University (1999), Steele and Sodhi (2004); and Steele and Sodhi (2006) where they reported discriminatory processes in the social housing sector. The third strand in the exclusion debate, dealing with spatial issues, relates to the exclusion of 'the other' (Cohen, 1994): those who do not (and could not) count as 'we', as British, for example the exclusion of intending migrants from the UK. These identity issues intersect with forms of cultural exclusion as discussed earlier.

These dimensions are particularly useful in this study in that they can be explored further through the 'world view' of the minority business owner. In other words, they may help us to understand the different dimensions of exclusion which may be hindering minority business owners to 'engage with the system' in the arena of buyer-minority supplier relationships. For example, one of the areas I will explore is whether there are cultural needs and aspirations of minority business owners which affect their ability to engage with the system when trying to access contract opportunities with the larger construction companies? Specifically worth investigating is whether there is any evidence from the minority business perspective on cultural, material, or spatial exclusion. This will be explored in-depth through the field interviews with minority business owners. Ratcliffe (2001) argues that these very different, if inter-related, forms of 'exclusion', raise key questions and warns that to talk in general global terms about exclusion or 'exclusionary processes' clearly risks theoretical imprecision and, more importantly, ill-formulated policy responses to serious problems. He argues for a more nuanced approach to policy formulation: an approach which recognises the multi-dimensional and multi-faceted nature of exclusion.

Debates about the 'Self-Excluded'

Another facet to the debate on the causes of social exclusion are arguments put forward by researchers who state that there is evidence of minorities who exclude themselves, namely 'the self-excluded'. This is certainly an issue which strikes a chord with me and I will explore further because I did find evidence of minority businesses 'choosing' to exclude themselves from engaging with large construction companies for various reasons, which included their perception of the image of the construction sector as being one which discriminates against minority businesses. A television documentary made by the BBC for its *Panorama* series and entitled 'Underclass in Purdah', laid the blame for the Bangladeshi's plight with regards to their poor overall educational performance firmly at their own door (Ratcliffe, 2001). They 'left

English society at the front door' of their homes, excluding themselves from it by virtue of their 'excessive' level of contact with the home country, with overseas trips for example hampering the education of their offspring. As with the minority businesses interviewed during Document Three, certain groups are seen here to be opting out (albeit for different reasons) of crucial obligations associated with 'social citizenship'. Moving forward with the research for this thesis, I will explore if there is any evidence of 'self-exclusion' by minority business owners, and if so, a detailed understanding of their reasons why will be sought. This may be a contributory factor leading to why supplier diversity in the construction sector is reported as low - specifically, I will investigate the possibility that minority businesses may be excluding themselves out of the market through a lack of willingness to engage with the bidding system.

The issue of social identity is an integral part of research on social exclusion and therefore I will be seeking to explore the minority business perspective on how they perceive themselves i.e. how would they define their social identity, and how do they feel about being defined as a 'minority business'? Ratcliffe (2001) advises that the key point to note here is that, at the hands of politicians and urban policy makers, all of these analyses have a universalising tendency: they stigmatise/stereotype whole communities. Crucially, they also fail to comprehend the intersection of ethnicity with other key aspects of social identity, most notably gender, class and wealth/economic position. He argues that there is a tendency in the UK to see social exclusion as a 'race' or ethnicity problem: hence a reversion to 'colour-blind' policy solutions. Exclusion is therefore seen as at least as much (perhaps even more) a white rather than a black phenomenon (Ratcliffe, 2001).

Finally, a concluding note for this section is to highlight that much of the literature on social exclusion focuses on the areas of employment, poverty, education, health, and housing (for example, see Bradshaw *et* al. 2004 which is a study commissioned by the Social Exclusion Unit). Therefore, the research carried out for this thesis will add to the current literature covering the area of exclusion within the small business sector as it investigates the possible exclusion of minority contractors from the supply chain in the construction housing sector.

CORPORATE SOCIAL RESPONSIBILITY

For UK construction firms to take supplier diversity seriously as part of their corporate social responsibility (CSR) agenda, they would no doubt need to understand why this might be an important issue that justifies company resources. Equally important is the minority business perspective on this issue. Specifically, I am interested in the minority business perspective on the following:

> ➢ Why might professionals within the procurement function in the construction industry be concerned with the organisation's social responsibility towards minority suppliers?

> ➢ Are there benefits for firms practising socially responsible behaviour in this arena, and if so, what are they?

Strategic Stakeholder Management

The literature in the field of corporate social responsibility talks at length about managing stakeholders. Lockett *et al.* (2006:118) highlight that stakeholder management emerged as a focus for scholars for the purposes of delineating an appropriate approach to, and normative references for, CSR. Since I am examining the issue of supplier diversity, it would seem appropriate here to examine what the literature on stakeholder theory says about suppliers as stakeholders of the firm.

Doh and Guay (2006) subscribe to the view that CSR is the notion that companies are responsible not just to their shareholders, but also to other stakeholders (workers, suppliers, environmentalists, communities, etc). Stakeholder theory posits that companies have a responsibility to those who have vested interests in a firm's performance and those who are directly affected by the firm's actions (Evan and Freeman, 1983; Freeman, 1984). Backhaus *et al.* (2002) highlight that stakeholder theory provides a logical explanation for why corporate social performance matters. Treating stakeholders well, making decisions that affect employment, communities, and the environment positively leads to positive outcomes. Freeman (1984) made a case that systematic managerial attention to stakeholder interests is critical to firm success. Berman *et al*. (1999) also argued that on a variety of levels there is conceptual

agreement that managers should proactively address stakeholder interests, yet little has been done to identify which stakeholder interests should be attended to and what managers should do to address them.

A further perspective highlighted by Carol *et al*. (1991) is how economic and social objectives have long been seen as distinct and often competing. This, they say is a false dichotomy. Companies do not function in isolation from the society around them. In fact their ability to compete depends heavily on the circumstances of locations where they operate. Helping improve education, for example, would generally be seen as a social issue, but the educational level of the local workforce substantially affects a company's potential competitiveness. The more social improvement relates to a company's business, the more it leads to economic benefits as well. In the long run then, economic goals are not inherently conflicting but integrally connected (Porter and Kramer, 2002).

Benefits from Managing Stakeholders

Within the scope of this study, I am keen to investigate the minority business perspective on whether procurement professionals in the construction industry should be interested in managing minority contractors as stakeholders of the business. Waddock *et al*. (1997:316) highlight the importance of managing stakeholders for strong corporate performance, stating that *'corporate social performance involves more than doing the extras: it is a way of doing business'*. BITC (2003) holds this view too reporting that the most commonly recognised benefits of corporate responsibility include: reputation management; risk management; employee satisfaction; innovation and learning; access to capital; and, financial performance.

I will explore whether minority contractors in the construction housing sector feel they should be viewed as stakeholders by the larger construction companies, and therefore should be included on their corporate social responsibility agenda. The research will also explore what benefits (if any) they think larger construction companies would gain if they were to treat minority contractors as stakeholders of the firm and consider their social responsibility towards them.

DIVERSITY MANAGEMENT

This then leads us to the concept of 'Diversity Management'. More specifically, within the context of this study, I am interested in diversity management as an example of corporate social responsibility. The concept of diversity management has emerged as a widely debated and increasingly important topic for organisations over recent years – it has been discussed both as an ethical issue, as well as a strategic issue where arguments have been put forward for the business case (for example, see: Kandola and Fullerton, 1994; Iles, 1995; IPD, 1996; Wilson and Iles, 1999; and Mavin and Girling, 2000).

The work of Lorbiecki (2001) is one perspective which summarises what she views as the key events that brought about the emergence of diversity management. Lorbiecki (2001) uses the schema of Dass and Parker to sketch out the ways in which responses to diversity have changed overtime and highlights four differing perspectives on the ways that organisations have gone about managing workforce diversity: the resistance perspective; discrimination and fairness perspective; access and legitimacy perspective; and, learning and effectiveness perspective. Bringing diversity into the core organisational processes rather than people as Lorbiecki (2001) recommends, is a different perspective to the majority of literature in this field which talks about diversity in relation to the workforce, rather than the work.
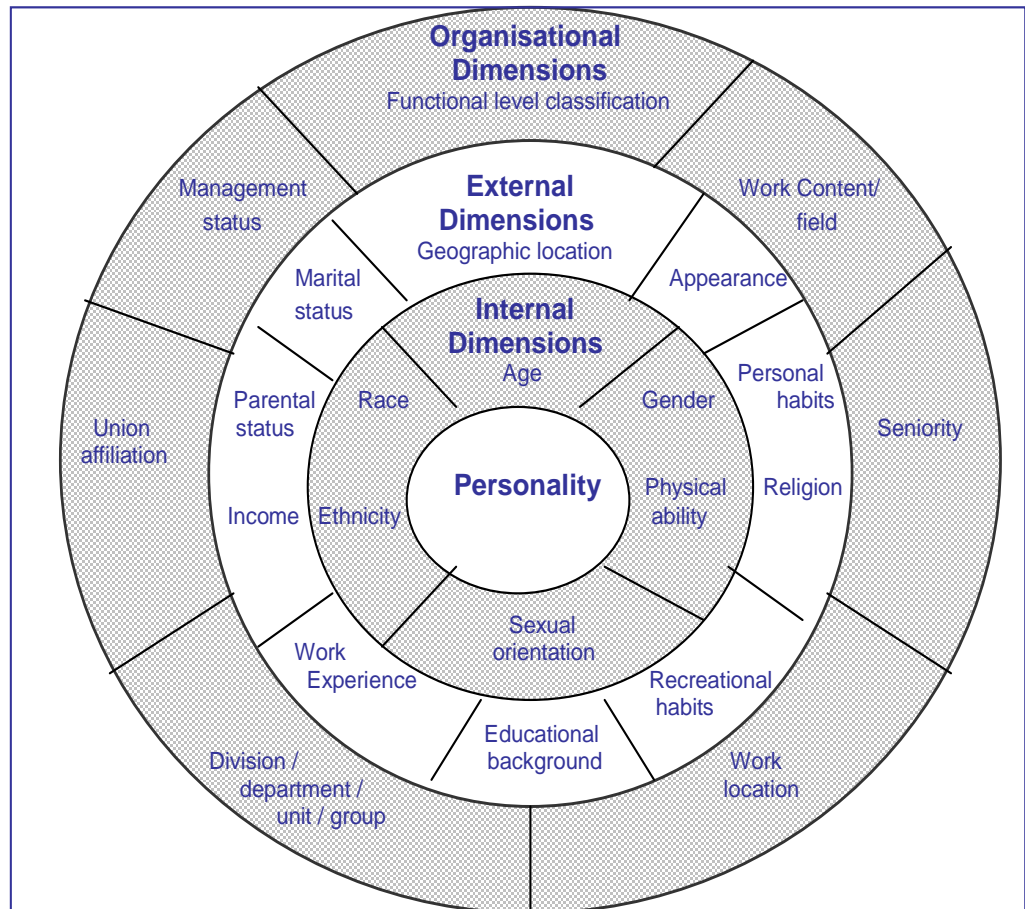
Definitions of Diversity

Janssens and Zanoni (2005:311) observe that diversity studies generally define diversity by referring to one or more employees' socio-demographic traits such as gender, race, ethnicity and age, and subsequently examine the effects of these differences on a variety of organisational practices and outcomes. Through reading the literature available in this field, and examining the various definitions of diversity presented by scholars, I have found this to be true. For example, Thomas (1991) defines diversity as:

'Diversity includes everyone; it is not something that is defined by race or gender. It extends to age, personal and corporate background, education, function, and personality. It includes lifestyle, sexual preference, geographic origin, tenure with the organisation…and management.'

Thomas (1991:12)

Smith (1998) argues that valuing diversity is to recognise and respect the value of these human differences. He presents an interesting diagram (see Figure 4), arguing that as well as fundamental personality differences, there are three additional layers of dimensions of diversity, which are sometimes referred to as identity groups.

Figure 4: Four Layers of Diversity (Smith, 1998:4)

The first layer consisting of characteristics which we are born with and which we have no control: race/ethnicity and gender. The second layer includes characteristics that we acquire during the course of our lifetime and which are subject to change: parental status, work experience, religion and personal habits. The final layer incorporates specific aspects of an individuals work life: management status, work location, functional level and divisional or departmental group. Kramer (1998:134) argues similar points highlighting that the dimensions of diversity can be considered in terms of two categories known as the primary (or observable) and the secondary (underlying or non-observable) dimensions of diversity.

Smith (1998) states that understanding and responding to the dynamic interplay of the dimensions illustrated in Figure 4, is the essential skill of managing diversity and argues interestingly that to see diversity in terms of only one of these dimensions, such as gender – or even in terms of one layer – is an oversimplification (Smith 1998:73). I find this view an interesting point and wonder if there is some truth to this. When we talk about diversity, do we really oversimplify it? Many of the popular conceptions of diversity, as is the case with the definition of supplier diversity (see definition of terms), focus on the first layer of dimensions, visible differences. This raises an interesting point - should we when seeking to effectively manage supplier diversity, first be addressing how we actually define and understand diversity? When carrying out research for this thesis, I think it is both important and will be interesting to explore questions around what diversity actually means to the sample of minority businesses interviewed – would these businesses actually define themselves as 'diverse'?, and if so, in what ways do they regard themselves as diverse?

Definitions of Diversity Management

Various scholars have provided their perspectives on what they think managing diversity means. The definition submitted by Gilbert *et al.* (1999) in my view is one of the more 'eloquent' interpretations where the authors state that:

'Diversity management is a voluntary organisational programme designed to create greater inclusion of all individuals into informal social networks and formal company programmes'.

Gilbert *et al.* (1999:61)

Kramer (1998) offers further debate highlighting that diversity is managed at three levels:

1. The strategic level involving a philosophy which acknowledges and values the differences and similarities between people and recognises these differences as critical for organisational success.
2. The managerial level involves the formulation of formal management practices and structures which facilitate the expression of this philosophy.
3. The third level is concerned with the implementation of these practices.

The Business Case for Diversity Management

'The presentation of a solid business case increases the likelihood of obtaining leadership commitment and resources needed to successfully implement diversity initiatives.'

Robinson and Dechant (1997: 22)

The 'business case' is a term which is used extensively in the literature on diversity management. Scholars like Robinson and Dechant (1997) urge that it is important that a business case is presented in order to obtain leadership commitment in implementing such initiatives. But is diversity management a good thing or a bad thing for business? There are scholars and practitioners who argue there is a sound business case for diversity management as long as it is managed well, and others who cast doubts on the business case. Cox and Blake (1991) are mentioned widely in the literature on diversity management. They argue that managing cultural diversity benefits organisations because it enables them to achieve competitive advantage. Benefits include: cost savings; resource acquisition – attracting the best personnel as the labour pool shrinks and changes; bringing insight and cultural sensitivity to the marketing effort; increasing creativity and innovation; bringing a wider range of perspectives and more through critical analysis; and, system flexibility by reacting to environmental changes faster and at less cost Cox and Blake (1991). Kramar (1998) states that the business case has predominantly been argued for in terms of four issues:

1. Competing effectively in the labour market.
2. A source of competitive advantage.
3. A means of effectively adapting to change.
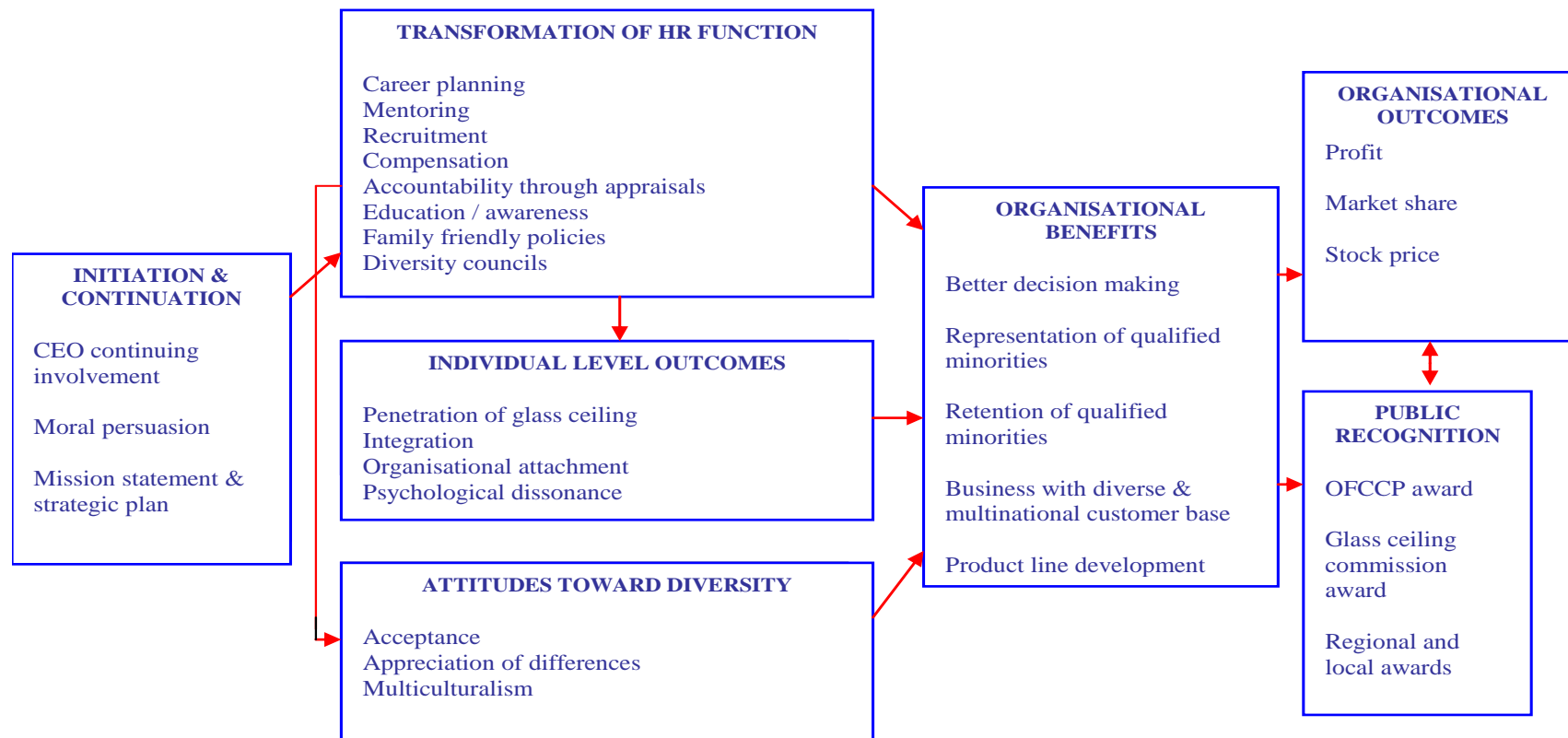4. An ideology around the contributions of individuals.

Similarly, Lattimer (1998:3) believes there is a case for diversity in global business and states that *'diversity leadership goes beyond employment equity/affirmative action and valuing differences beyond race and gender'*. He argues that effective competition will increasingly depend on the creativity and innovation of diverse employees: their skills and competencies, adaptability and responsiveness, new and expanded styles of thinking and broad perspectives, real commitment to the organisation's vision of superior quality, customer focus, and service. For Lattimer (1998:4), managing diversity for strategic and competitive advantage is an ongoing process of addressing the full array of diverse issues that impact the business performance of an

organisation, such issues as the changing workforce, shifting employee values, new and emerging markets, globalisation of the enterprise, mergers and acquisitions, the impact of technology, and information systems, to mention a few. This is a different perspective on the general view of diversity in that he views diversity beyond the visible differences of humans.

Gandz (2001) also argues that there is a compelling generic business case for achieving and managing diversity in the workplace. He states that diversity can help organisations: identify and capitalise on opportunities to improve products and services; attract, retain, motivate and utilise human resources effectively; improve the quality of decision making at all organisational levels; and reap the many benefits from being perceived as socially conscious and progressive organisation. These benefits should be manifested in an improved bottom line and maximisation of shareholder value. However, diversity must be both achieved and managed effectively if its benefits are to be realised. This requires leadership commitment, the establishment of priorities and realistic objectives, the assessment and development of policies and practices to meet the particular diversity needs of the organisation.

A model is presented by Gilbert *et al.* (1999), which I would suggest summarises the views of many scholars who argue for diversity management. Gilbert *et al.* (1999:67) refer to this as 'the integrated model' which they highlight suggests that specific factors are responsible for positive diversity results (see Figure 5). The model illustrates how CEO initiation and continuation (CEO of these organisations believe that diversity management makes sense both from a perspective of justice and a perspective of improving the bottom line) leads to transformation of the human resource function, positive individual level outcomes for minority and majority individuals, and positive attitudes towards diversity. Benefits of effectively managed diversity in turn ultimately affect important organisational outcomes, such as profit, market share and stock price.

Figure 5: A Model of Effective Diversity Management (Gilbert *et al*. 1999:67)

TRANSFORMATION OF HR FUNCTION

Career planning
Mentoring
Recruitment
Compensation
Accountability through appraisals
Education / awareness
Family friendly policies
Diversity councils

ORGANISATIONAL OUTCOMES

Profit

Market share

Stock price

INITIATION & CONTINUATION

CEO continuing involvement

Moral persuasion

Mission statement & strategic plan

ORGANISATIONAL BENEFITS

Better decision making

Representation of qualified minorities

Retention of qualified minorities

Business with diverse & multinational customer base

Product line development

INDIVIDUAL LEVEL OUTCOMES

Penetration of glass ceiling
Integration
Organisational attachment
Psychological dissonance

PUBLIC RECOGNITION

OFCCP award

Glass ceiling commission award

Regional and local awards

ATTITUDES TOWARD DIVERSITY

Acceptance
Appreciation of differences
Multiculturalism

SUPPLIER DIVERSITY

This now brings us to the specific literature on 'supplier diversity', which is being presented as one strand of diversity management within the context of this study, and arguably forms the main theme of this research. The notion of supplier diversity is one example of diversity management which has recently found its way into the UK market. Interestingly, researchers and practitioners are realising that focusing on workforce diversity is not enough. Brown (2008) argues that for optimal benefit, an organisation must adopt and implement diversity initiatives that are integrated throughout the organisation. This need for integration makes it imperative that supply chain managers take advantage of the opportunities presented by supplier diversity (Whitfield and Landeros, 2006). Similarly, the Joint Centre for Political and Economic Studies (2000) highlight that the continued growth in the minority population in the coming years will keep practitioner interest in supplier diversity high. Managers will need to have a better understanding of the multicultural business world and firms will need to make fundamental cultural shifts in order to compete effectively.

The majority of recent studies go to some length to highlight how in large part, supplier diversity has become increasingly prominent as firms have recognised the economic benefits of broadening their supplier base to include minorities - see for example: Adobor and McMullen, (2007); Holford *et al*. (2009); Ram *et* al. (2002); Shah and Ram, (2006); Ram and Smallbone, (2003); Worthington *et al*. (2006); Worthington *et al*. (2007). Greer *et al*. (2006), also emphasise the important role supplier diversity plays as:

> *'A strategic initiative designed to combat economic disparity*
> *in disadvantaged communities'*.

Greer *et al*. (2006:8)

The Business Case for Supplier Diversity

Greer *et al*. (2006) place emphasis on the important role that diversity practitioners can have in supplier diversity programmes if they expand their roles as strategist, educator and researcher, and point to three possible primary goals that make a case for companies to implement supplier diversity:

1. Opportunity i.e. spending/contracts, fair treatment, recruiting, interfacing, status reporting and analysis, and database management.
2. Development i.e. mentoring, education, training, and cultivating long term relationships.
3. Social responsibility or corporate citizenship i.e. outreach and community involvement.

Reese (2001) presents a similar argument and states that supplier diversity programmes enable large firms to buy from a rapidly growing segment of the population, and partnering with minority-owned firms is one way to learn about minority consumers. Carter *et al* (1999) also illustrate this point highlighting that there has been a growing recognition in the USA over the years, accelerated by changing demographics that the support of minority businesses can result in job creation and economic development in decaying urban neighbourhoods, which can in turn lead to a larger customer base for the buying organisation's goods or services. There is also clear evidence that as minority businesses become economically successful, neighbourhoods, cities, and even the entire nation benefits from that success. Carter *et al* (1999) conclude that purchasing managers are increasingly coming to accept that such programmes can have positive spin-offs that go beyond just window dressing for public relations purposes.

Levinson (1980) used a historical approach to evaluate the evolution of minority business assistance programmes. The transition from administrative programmes based on racial and ethnic standards to statute-based programmes that focus on 'social and economic disadvantage' is viewed favourably. Levinson concluded that these new statutory programmes will better assist those minority businesses truly in need of assistance and lead to the enhancement of the general economic welfare of the nation. Bates (1985) looked at the impact of preferential procurement policies on minority businesses and suggested that efforts to help marginal minority businesses are largely ineffective and that more emphasis should be placed on 'stronger and better managed minority firms'. Bates further states that preferential policies are

beneficial in removing traditional barriers to minority business participation in the economy and reducing the costs of transition to a less discriminatory economy.

In the UK context, the notion of supplier diversity, until very recently, has attracted little academic attention. Recent studies, for example by Holford *et* al. (2009); Ram *et* al. (2002); Shah and Ram (2006); Ram and Smallbone (2003); Worthington *et al.* (2006); and, Worthington *et al.* (2007) appear to be key drivers of both the increasing academic and commercial attention to this debate. However, there are no studies currently within this field which focus specifically on the minority business perspective on the business case for supplier diversity in the construction housing sector.

Worthington *et* al. (2007) for example, adopt a case study approach to examine what drives organisations to engage in socially responsible purchasing initiatives. The authors identify legislative and policy developments, economic imperatives, stakeholder pressures and ethical influences as forces shaping organisational responses, thus forming their case for supplier diversity within the organisations interviewed. Ram and Smallbone (2003) argue that supplier diversity initiatives play a crucial role in providing greater market opportunities for ethnic minority businesses in the UK because it provides them with the ability to identify and exploit opportunities in mainstream business and public sector as well as consumer markets, thereby allowing them to diversify out of traditional low value added activities.

In taking a broad overview of the current literature available in this field, it can be concluded that there are several factors which act as drivers for organisations who implement supplier diversity in countries such as the US and UK (amongst others). These driving factors which make a case for supplier diversity include: the legislative framework; corporate social responsibility; economic benefits; commercial benefits; changes in customer demography; and changes in business demography. The rationale for government activities to encourage more enterprise in disadvantaged communities and under-represented groups is underpinned by two inter-related government objectives:

> ➢ To correct for specific market failures.
> ➢ To ensure equality of opportunity

The UK's construction industry is one example of an industry where it has been argued that such action is required. If the potential economic and social benefits of enterprise are to be fully realised, it is vital that all individuals in society have equal opportunities to contribute to and gain from the benefits of a strong small business sector. It is widely accepted, however, that without at least some intervention, the market cannot always be relied upon to deliver the most efficient, or socially desirable outcomes (SBS, 2003). Supplier diversity can be seen as a form of market intervention that could help achieve the desired positive economic and social outcomes.

The Business Case for Supplier Diversity - Minority Business Perspective

Research which specifically examines the business case for supplier diversity from the minority business perspective is very limited in the UK. Furthermore, research which specifically examines the minority business perspective on the case for supplier diversity in the construction housing sector is non-existent - that is what makes this study exciting and unique in that it will be adding to current knowledge. What does exist states that minority businesses should encourage large purchasing organisations to undertake supplier diversity activity for two key reasons which are identified by Holford *et al.* (2009) as:

- ❖ To breakdown barriers to procurement opportunities.
- ❖ To facilitate access to markets.

Holford *et al*. (2009) argue that supplier diversity activity will allow SME suppliers, particularly those from under-represented groups, to access new markets and supply chain opportunities which are not currently open to them. Holford *et al.* (2009) extend the discussion to a third dimension when examining the business case for supplier diversity which is worthy of being noted at this juncture. The authors argue that in common with many emerging business themes (e.g. equalities, environmental sustainability) supplier diversity requires policymakers, legislators and practitioners to promote it in order for its full potential and actual benefits to be realised. The authors state that it is not just an issue for individual businesses, but one that is of macroeconomic importance.

Leveraging Supplier Diversity – The Challenges

Leveraging supplier diversity for corporate performance may be more difficult than it would first appear. Indeed, diversifying the supplier base seems to contradict recent industry trends, which have focussed more on consolidation and streamlining the supply base as part of overall supply chain rationalisation and weeding out suppliers that do not meet company needs (Adober and McMullen, 2007).

Having widely been accepted that there is a case for supplier diversity, numerous researchers have gone on to conduct further studies aiming to identify what the characteristics and practices of successful supplier diversity programmes might include. The most recent publication on this subject has been captured in a 'Benchmarking Tool' jointly developed by Supplier Diversity Europe (SDE based in Brussels) and the Centre for Research in Ethnic Minority Entrepreneurship (CRÈME based at De Montfort University in Leicester) and is presented by Holford *et al*. (2009). The Benchmarking Tool comprises two parts: the Full Benchmarking Tool and the Short Benchmarking Tool. The Full Benchmarking Tool scores large purchasing organisations on twelve dimensions of supplier diversity activity:

1. Strategic planning for supplier diversity
2. Supplier diversity policy
3. Senior management support
4. Designated person dealing specifically with supplier diversity
5. Engaging with reputable supplier diversity intermediaries
6. Assessing the baseline, setting targets and monitoring performance
7. Reviewing procurement policies, procedures and practices
8. Making opportunities accessible to under-represented suppliers
9. Educating procurement officers and other internal stakeholders
10. Involving prime contractors and other suppliers
11. Engaging with under-represented suppliers
12. Disseminating success stories

Holford *et al.* (2009)

Other major previous studies include the likes of Sharma and Witt (2008), who as part of their study interviewed several dozen supply management executives and supplier diversity directors who currently run some of the most progressive and successful supplier diversity

programmes in the world, as well as reviewing numerous research studies, company websites, and best practice papers. The authors found that two key characteristics clearly stood out among successful, mature supplier diversity programmes. First, such organisations demonstrate a deep understanding of their organisation's sourcing needs and the role they play in identifying opportunities for diverse suppliers. Second, high performing supplier diversity programmes demonstrate proactive eagerness to work with customers and potential suppliers throughout all phases of the sourcing process – from understanding customer needs to identifying, selecting and integrating diverse suppliers. In a similar but older study, Dollinger *et al* (1991), highlight the following key components which make up a 'good' supplier diversity programme: monitoring applicants; purchasing procedures; bidding assistance; trade fairs; a minority business database; buyer training; and, performance metrics. Morgan (2002) found similar results stating that a well planned supplier diversity programme should include: a written minority business policy; senior management support; inclusion procedures; programme goals; minority business certification; minority business database; dedicated minority business staff; second-tier supplier programmes; performance measures/monitoring; recognition programmes; and, benchmarking. More recently, Sharma and Witt (2008) provide a useful table, shown below in Table 2, to better understand how companies invest in building their diverse supplier base. The authors segment supplier identification and qualification activities along two dimensions:

1. Level of Proactiveness.
2. Level of Engagement.

Sharma and Witt (2008) advise that the key to building a strong diverse supplier pipeline is to find the right balance across these activities, ensuring that immediate needs are addressed while proactively pre-qualifying and pre-positioning suppliers for future opportunities.

Table 2: Supplier Diversity Identification Activity Segmentation

(Sharma and Witt, 2008:4)

	Low Engagement	High Engagement
Proactive	- Advertising in diversity publications - Outreach at supplier diversity conferences, tradeshows, and networking events - Identification of commodity or industry specific supplier research resources	- Analysis of spend and customer needs - Dialogue between the supplier diversity programme and commodity managers - Company's own matchmaker conferences/events - Targeted searches based on future opportunities - Pre-qualification through one-to-one meetings with suppliers
Reactive	- Targeted searches based on current sourcing needs, either by the supplier diversity programme or commodity managers (most common) - Leveraging existing internal supplier databases and external resources	- Targeted searches initiated by commodity managers for current opportunities - Supplier diversity staff actively involved in search

Supplier Diversity in the Construction Sector

One of the most comprehensive and detailed reports published recently in the field of equality and inclusion in the construction sector is a 'Thematic Review' conducted by Caplan *et al*. in the Spring of 2009. The authors were required to review the literature on racial discrimination and racial equality in the construction sector to inform the Equality and Human Rights Commission's Inquiry on Race Discrimination in the Construction Industry. The key findings from their report which are useful to this research study include the following: the industry image is still a very negative one where racism and exclusionary processes still exist; despite public statements of positive intent, the construction industry has been unable to effect major change in relation to equality and diversity; construction firms misunderstand the importance of, and therefore hesitate to set, equality targets; the race equality duty does not yet appear to have had a major impact on the procurement of construction projects for the public sector; the claims of the business case have not been totally convincing and as yet have not shown marked results in addressing the under-representation of ethnic minorities across the construction industry; ethnic minority professionals perceive a 'glass ceiling' to progression and companies do not have strategies to bring about change in ethnic minority representation at senior levels, or even beyond entry at graduate level; and finally, although much has changed, the 'culture' of the construction workforce still amplifies feelings of difference and of being 'other' for those who do not and will never share such a culture (Caplan *et al*. 2009).

Latham (2001) reported that construction in terms of the trades as opposed to professional roles is seen as being synonymous with lousy pay, dirty sites, cold and rain, no canteens, disgusting toilets, no pension, a macho culture and a poor safety record. More than this however, the CITB and Royal Holloway University of London (1999) report that:

'The industry is portrayed as being for white people only'.

CITB and Royal Holloway University of London (1999:23)

In addition to this, studies by Somerville and Steele (1998) and Somerville *et al*. (2002) within the social housing sector report that the lack of senior ethnic minority role models can have a major impact on the ethnic minority communities' perception of the organisation and particularly the extent to which the organisation is characterised as being mono-culturalist. Reports by the CITB and Royal Holloway University of London (1999) on the experience of ethnic minorities in the construction industry found that racism is rife. The culture of the

industry is widely regarded as one where jokes, banter and nicknames are commonplace – jokes are often made about colour, race, and stereotypes. Steele and Sodhi (2006) argue that such behaviour validates the image of the industry as one where racism is prevalent. Researchers have also found evidence that some ethnic minorities in the industry develop strategies for working with potential racists by avoiding situations where their ethnicity is obvious, for example, black managers often do the bulk of their selling by telephone or post, to establish a relationship before the customer is aware of their ethnicity (Boyal, 2007; Building, 1999; Sodhi and Steele, 2000).

Perceived Barriers to Contract Opportunities

There is very limited literature available that discusses issues surrounding managing diversity in the supplier base of large UK construction companies. What does exist however highlights that those ethnic minorities wishing to establish their own business come up against additional barriers which discriminate against minority businesses. For example, Sodhi and Steele (2000) reported that housing associations continue to appear under the spotlight for their inadequate action in complying with the statutory duty in relation to their contracting powers. The study found evidence of discriminatory practices as well as wider societal barriers, for example: the 'old boys network' is still very much prevalent in the industry; the amount of documentation that is required to be completed as part of the pre-qualification process is viewed by minority businesses as time-consuming and arduous; many minority businesses lack the experience required in dealing with the bureaucracy involved, and some minority businesses have language barriers to contend with. In addition to this, Harding (2000) cites a growing trend in the public sector, reinforced by recent government policy, to roll a number of contracts together in favour of the major contractors. Barlow *et* al. (1997) state that the move towards partnering and consortia approaches in the construction industry generally has not benefitted minority businesses. Harrison and Davies (1995) also found that only a small share of the economic benefits arising from housing association urban investment is finding its way to minority ethnic communities in the form of building work commissioned from ethnic-run firms. The researchers argue that the implication here is that a significant form of public investment is failing to secure what might be thought of as value for money, in terms of facilitating inner city community economic development.

Few housing associations have recognised the potential of their purchasing power in terms of investment in construction and maintenance work in promoting equality or the business

benefits of doing so. Steele and Sodhi (2004) argue there is a general lack of appreciation among housing associations of the importance of employing minority contractors and consultants from both an equal opportunity and a business perspective. It has also been argued that the vast majority of construction companies in the UK do not take the notion of equality of opportunity very seriously (Steele and Sodhi, 2006). Although 94.1 per cent of construction companies were found to have an equal opportunities policy (CITB and Royal Holloway London University, 1999), Steele and Sodhi (2006) highlight that these were very much characterised by what Tomlins (1994:27) refers to as 'paper policies', in that such organisations are more concerned with having policies in place and 'being seen to be doing something, rather than actually doing it' (CITB and Royal Holloway London University, 1999). In a more recent study, Steele and Todd (2005), state that the commitment of social housing agencies to equality of opportunity will be crucial to the success of the minority business sector. They argue that in view of the Race Relations (Amendment) Act 2000 and government guidance on equal opportunities, the housing association sector has still to fully recognise its influential role in this area.

Supplier Diversity Initiatives in the Construction Industry

Probably the most prominent and most recent example I found of supplier diversity initiatives taking place in the construction sector is that of the London Olympics 2012. The construction industry has launched a £1 million campaign to attract women and those from ethnic minority backgrounds into the industry. The campaign message says "Join us, gain a trade or technical skills and in 2012 you will be able to point to an Olympic Stadium and say…I built that" (KAL, 2010). The Olympic Delivery Authority, which is responsible for spending on the 2012 Olympics, will also monitor how many ethnic minority staff are employed by each firm working on London's Olympic sites. Companies that manage to employ a pre-arranged percentage of black and ethnic minority workers will be paid a 'financial reward' for meeting those targets. The idea behind this is to give construction companies a greater incentive to recruit more from ethnic minorities with the aim being to increase diversity. Companies will be asked to provide documents showing precise numbers of Black and Asian employees. These figures will be compared with the proportion of ethnic minorities living near the company's offices and will be a factor when deciding winning bids for different contracts. This move follows concerns voiced to ministers and race equality bodies that firms working on Olympic projects should reflect the ethnic make-up of London (KAL, 2010).

In addition to the above, there are two fairly 'young' organisations that have been set up to promote supplier diversity across all industry sectors, namely 'Minority Supplier Development UK (MSDUK)' (a not-for-profit corporate led organisation operating solely in the UK) and 'Supplier Diversity Europe (SDE)' (an organisation based in Brussels who have a wider geographical agenda covering Europe). Within this, I know of only two construction companies who have joined such organisations in the hope to increase the diversity in their supply chain (namely, Lovell East Midlands and Frank Haslam Milan) - these two companies are actually companies that I recruited to the 'Supplier Diversity East Midlands' programme which is now formally known as MSDUK. I recruited these two construction companies when I was working as a researcher for CRÈME (the Centre for Research in Ethnic Minority Entrepreneurship, based at De Montfort University). I do believe however, that if I had not approached these construction companies and made them aware of such diversity initiatives, there is a good chance they may still to this day have not joined simply because the programmes may not have been brought to their attention (MSDUK and SDE have only recently been able to fund positions for individuals to actively seek out and recruit new corporations to their programmes, moreover, they would not be focussing specifically on the construction industry, therefore the chances of increasing awareness amongst construction companies would be slim).

The CITB and Royal Holloway University (1999) report that there is little evidence that construction companies are concerned enough about equal opportunities that they make it a core value by seeking to embed it within their organisational culture. They argue that in the absence of self-regulation, changes are only likely to occur if there are pressing financial reasons for doing so – achieving equal opportunities is not the main concern, making profits is the priority. This was a key finding during the research carried out for Document Three, and I suggest that what we are actually faced with is an issue about communicating and educating buyers of the potential business benefits of supplier diversity.

BUYER-MINORITY SUPPLIER RELATIONSHIPS

Having highlighted the key issues for consideration in the supplier diversity arena, for the final section of this literature review, given that at the core of the debate on supplier diversity lies the 'aim' of trying to achieve 'more successful' buyer-minority supplier relationships, it is considered worthwhile now at this juncture to complete this review by taking a 'deeper' look into the discussions and research held to date on the specific issue of buyer-minority supplier relationships.

The general literature on buyer-supplier relationships tends to focus more on the buyer-supplier relationship that has already been formed i.e. the buyer has found the supplier and a transactional relationship is already in process – here, the literature looks at how such relationships can be developed to maintain competitive advantage and falls into the literature field of 'supplier development'. Of particular relevance to this study however is buyers who are seeking to work with minority suppliers, and vice versa (i.e. the relationship has not yet been formed and transactions are not taking place), and the hurdles both parties face – the literature in this area is very scarce in comparison and much of what does exist is based on US studies, although there is some, albeit little research that has been carried out in the UK.

The way both buyers and suppliers 'perceive' one another has been central to studies assessing the hurdles that exist in such relationships. Trust is inevitably mentioned as an important variable in the development and maintenance of relationships (Smeltzer, 1997). In fact, trust has been said to be the 'binding force in most productive buyer-seller relationships' (Hawes *et al*. 1989). A considerable amount of research has been conducted assessing the interpersonal factors which promote trust and cooperation within trading relationships (for example see, Ring and Van de Ven, 1994: and, Smith *et al*., 1995).

Smeltzer (1997) argues that corporate image, identity, and reputation are at the origin of supplier-buyer trust. He argues that any analysis of supplier-buyer relationships that do not include identity, image, and reputation are severely limited, and explains that trust or mistrust occur because of these concepts. Smeltzer (1997) provides the framework below (see Figure 6) to help us understand the relationship among these four variables: trust, identity, image and

reputation. He concludes that identity is important for buyer-seller relationships because identity indicates what managers believe is central, distinctive, and enduring about their organisation. Image is important because it indicates how members of an organisation feel others perceive their organisation – that is, I believe that others believe I cannot be trusted, therefore, I will behave accordingly. Finally, reputation is what others actually believe about an organisation – it either can or cannot be trusted. In his study, Smeltzer (1997) points out that trust is a difficult concept for purchasing managers to discuss when trying to articulate their thoughts about trust in buyer-supplier relationships. One reason for this is that trust is difficult to define, and because of this it is difficult to measure. Accordingly, the concept of trust is not frequently mentioned in text books and little research has been done on it. Simply stated, managers have not been encouraged to think about trust even though it is an important concept in buyer-seller relationships.

Figure 6: Trust as a Mediating Variable (Smeltzer, 1997:44)

Supplier's:

➢ Identity
➢ Image
➢ Reputation

→ TRUST → **What Purchaser Perceives**

Purchaser's:

➢ Identity
➢ Image
➢ Reputation

→ TRUST → **What Supplier Perceives**

Buyer-Minority Supplier Relationships

Much of the research published in this arena suggests that minority suppliers face many problems that are unique to their special status, while also facing many of the same problems that confront non-minority suppliers. Recent studies regarding buyer-minority supplier relationships focus on four primary themes:

1. The evolution of the so-called 'corporate social conscience'.
2. Reviews of corporate purchasing practices.
3. Comparisons between minority businesses and non-minority businesses.
4. Discussions of public policy relating to equality of opportunity.

In the US, Minority Supplier Development (1995) found that some companies have been hesitant to purchase from minority businesses due to a perception that these businesses are unable to acquire a sufficient amount of commercial insurance, sell inferior products, and hire poorly trained employees. This mindset has contributed to perpetuating a negative image regarding the minority supplier's credibility, business skills, and the ability to participate as a supplier. Other studies also support the hypothesis that minority businesses have to work harder at creating a trusting environment. Ketchum *et al*. (1990), for example, examined variables that inhibit relationships between women-owned businesses and buyers. The findings revealed under-capitalisation, a hostile working environment, poor communication, and high transaction costs inhibited the growth of these relationships.

The problems coming from supplier-base downsizing have also been reported to impact minority businesses in a negative way. For example, Purchasing (1995) reports that minority-owned businesses have been affected by the decreased amount of business being directed to them in the US and this could threaten the survival of many such firms. Rahman *et al*. (2004) highlight that small and medium sized contractors form the backbone of the construction industry, in terms of their number and share in the industry, the workforce they employ, job opportunities they create, and the amount of work they carry out. Therefore, competitiveness of the construction industry, arguably, depends on the efficiency and productivity of the small-medium enterprises (SMEs). Yet they are frequently ignored in attempts towards construction industry development. Ignoring the important role SMEs play (and minority businesses fall within the category of SMEs), further exemplifies how contracting opportunities may be difficult for minority business owners to access.

In the US, Pearson *et al* (1993) researched the challenges and approaches to purchasing from minority-owned firms – they identified areas where substantial disagreement exists between corporate buyers and minority suppliers over the major impediments that affect the buyer-minority supplier relationships. Amongst other issues, this study indicated that large purchasing organisations saw the undercapitalisation of many ethnic businesses and the lack of availability in specialist areas as key impediments to supply base diversification. For organisations seeking to incorporate ethnic minority businesses into their supply chain, the problem of accessing such businesses can be substantial (Giuinipero, 1980; Ram and Smallbone, 2003). Other research has shown that large corporations using supplier diversity as a strategy often find it difficult to obtain quality minority businesses to source from (Boyal, 2007; Shah and Ram, 2006). If one looks at the latest statistics in relation to the very low number of minority businesses operating in the construction industry (highlighted earlier), this could be one factor which explains why large construction companies say they find it hard to source minority businesses (as found during Document Three). A related issue is whether minority businesses have the capacity to meet the requirements of larger companies. In the US, this was a problem that was invariably encountered by corporations in the initial stages of developing supplier diversity programmes (Giunipero,1981).

Giunipero (1980) examined minority business performance from the perspective of the purchasing manager. The buyers in this study reported that minority business performance is lower in all areas of comparison, especially in the areas of managerial and technical expertise. In addition to lower performance, buyers noted that finding qualified minority businesses (with adequate capacity and competitive prices) is a substantial hurdle. Giunipero (1980) suggests a proactive approach to supplier development that involves technical, managerial, marketing, and financial assistance to help minority businesses overcome their performance problems.

Adober and McMullen, (2007); Pearson *et* al. 1993; Ram and Smallbone. 2003; Shah and Ram, 2006; and, Worthington *et al*. 2007, are some of the researchers which have identified the pressing challenges that face minority business owners when trying to compete with larger suppliers for contracts. Such challenges include: supply chain rationalisation; average contract sizes; higher quality standards; electronic ordering; and, the use of modern production systems.

Studies in the UK which relate specifically to the construction industry (such as: Harrison and Davies, (1995); Sodhi and Steele, (2002); and Steel and Sodhi, (2004) conclude that ethnic minority run firms are finding difficulties in entering an important competitive market for their services, where the dependence of large construction companies on well-established contacts with white-run firms could constitute an indirectly racist practice. The size and resources of the minority firm, coupled with the large construction companies' procurement procedures, bureaucracy, and the lack of external monitoring, are further barriers that have been identified.

However, there are also studies which conclude that minority businesses do not face problems which are unique to their minority status. Swearingen (2001) sought to address this in his study where he hypothesised that greater perceived trust would influence the likelihood of a minority or non-minority supplier receiving government business, and further hypothesised that the minority supplier would have to develop a greater degree of trust than a non-minority supplier to receive government business. The findings revealed that trust does appear to be a significant factor in determining whether a minority or non-minority supplier receives business, however, there appeared to be no difference between the amounts of trust a minority versus a non-minority supplier had to establish to receive contracting opportunities.

Comparisons of minority businesses and non-minority businesses have been performed in the US to justify preferential policies for minority businesses and to understand the competitive environment encountered by minority business firms. Enz *et al*. (1990) examined the value orientations of minority business enterprises and small business firms. The researchers concluded that minority businesses appear to be aligning their organisation-based values to those of their customers as a means of building trust and reducing uncertainty; that is, to overcome the barriers to building strong buyer-supplier relationships.

Dollinger and Daily (1991) focussed on buyer-supplier relationships from the perspective of both the buyer and the minority business owner. The theoretical foundation used for this extensive study was transaction cost economics. The findings revealed that the costs of a 'hostile' environment as well as the costs of opportunism are the principal impediments to establishing strong relationships. Minority businesses reported that the complexity in doing business with large firms represents the greatest hurdle to strong relationships. By contrast, the

buyers in this study emphasised the scarcity of qualified minority suppliers as a major hurdle. Furthermore, the researchers concluded that significant differences exist between minority businesses and small business enterprises, suggesting that minority businesses face two types of challenges: size-related challenges and minority-related challenges.

Summery of Findings of Literature Review & Key Themes to Explore

Carrying out this literature review has proved extremely helpful. It has not so much resulted in me changing my original research questions, but rather has confirmed that there is value in finding answers to them and has helped me to investigate my research question from different 'dimensions'. This in turn has helped me to devise a more 'thorough' questionnaire which is discussed in more detail in the Methodology section (see Chapter Six).

Before proceeding to the details of the methodology adopted in this study, given the depth of literature covered, and for purposes of clarity, Appendix B provides the reader with a brief bullet point summary of the findings of the literature review with a focus on 'extracting' the 'real significant' issues and themes which I will be exploring further in my fieldwork. These 'extracts' have been used to help shape and devise the questionnaire which would subsequently be adopted as a tool in the in-depth interviews I carry out with the minority business owners.

Following the 'extraction' of the emerging themes for this study, a quick-view snapshot is provided in Appendix C highlighting the key headings under which questions will be asked during the in-depth interviews.

Chapter 6

METHODOLOGY & METHODS

'The most relevant of the presuppositions that determine one's research perspective is that methodological issues must always be answered within the context of a particular research setting. That is to say, methodologies are neither appropriate nor inappropriate until they are applied to a specific research problem. This perspective treats methodologies as tools of inquiry; each inquiry requires careful selection of the proper tools. Having the wrong tools for the task may be no better than having no tool at all.'

Downey and Ireland (1979:630)

Schools of Thought

Philosophers of science and methodologists have been engaged in a long-standing epistemological debate about how best to conduct research (Amaratunga *et al*. 2002). The term epistemology refers to beliefs about the way in which knowledge is construed (Bryman and Bell, 2003). As Deshpande (1983) highlights, generally one can distinguish between two research schools which are often thought to compete with each other – positivism and interpretivism – both schools of thought rely on quite different assumptions about the nature of knowledge, and demand considerably different approaches to research.

The idealist/phenomenologist school is consistent with qualitative methods, and is orientated toward discovery, understanding relationships and building theory (Reichardt and Cook, 1979). This approach tries to understand and explain a phenomenon, rather than search for external causes or fundamental laws (Easterby-Smith, 1991; Remenyi *et* al. 1998). The logical positivist/empiricist school is consistent with quantitative analysis, and the orientation is toward testing and validation of theories, constructs, and relationships (Reichardt and Cook, 1979). Table 3 provides a snapshot of the summary outlined by Easterby-Smith (1991) showing the main differences between positivist and phenomenological viewpoints.

Table 3: Key Features of Positivist and Realism Paradigm Easterby-Smith (1991)

Theme	*Positivist Paradigm*	*Realism Paradigm*
Basic Beliefs	The world is external and objective. Observer is independent. Science is value-free.	The world is socially constructed and subjective. Observer is part of what is observed. Science is driven by human interests.
Researcher should	Focus on facts. Look for causality and fundamental laws. Reduce phenomena to simplest elements. Formulate hypotheses and test them.	Focus on meanings. Try to understand what is happening. Look at the totality of each situation. Develop ideas through induction from data.
Preferred method in the research	Operationalising concepts so that they can be measured. Taking large samples.	Using multiple methods to establish different views of the phenomena. Small samples investigated in depth or over time.

The Inquirer's World View

'There are probably rules for writing the persuasive, memorable and publishable article, but rest assured, no one knows what they are'.

Van Maanen (1998:xxv)

Being keen to submit a quality manuscript in the final phase of my DBA research that has a strengthened foundation, and reading through the dearth of literature available on how to achieve this, I found the caveat cited above somewhat comforting and I should confess rather amusing. But on a serious note, the importance of selecting the most suitable methodology to answering the research questions for this paper cannot be understated. Here, I provide an outline of the methodology adopted and a discussion of the key issues that required consideration.

Within the qualitative field the inquirer's belief system or world view is recognised as an important influence upon the research, intrinsically linked to ontological, epistemological and methodological assumptions (Skinner *et al*. 2000:166). Within this study, the ontological position I have adopted is that of constructionism – I am seeking to understand the social phenomena and their meanings that are continually being accomplished by social actors within the construction housing industry. Given the exploratory nature of this research, specific hypothesis were not considered appropriate. The idea of talking to minority business owners to understand their "real world view" through methods that produce qualitative data, is far more likely to meet the aims of this particular study. In contrast to a quantitative approach, a qualitative approach will allow me to understand human behaviour from the actor's own frame of reference (Cooke and Reichardt 1979). As suggested by Eisenhardt (1989), the cases for this research were chosen for theoretical rather than statistical generalisability in order to aid theory development.

I recognise that my biography will have implications for the findings and analysis of this study i.e. the notion that researcher's own accounts of the social world are constructions. In other words, the researcher always presents a specific version of social reality, rather than one that can be regarded as definitive – this is something that I have highlighted earlier and continue

to emphasise within this paper as without it, I believe the foundation of this manuscript would be weakened and consequently would affect the validity of what is presented.

The Methodological Importance Of Theory – Why adopt an Interpretive approach?

Gephart (2004) advises that the relationship between theory and methodology is important. Researchers need to use methodologies that are consistent with the assumptions and aims of the theoretical view being expressed. By adopting an interpretive perspective as the focus of this research, my goal here is to seek to understand the actual production of meanings and concepts used by social actors in real settings. A relativist stance is adopted such that diverse meanings are assumed to exist and to influence how people understand and respond to the objective world. Interpretive research thus allows me to describe how different meanings held by different persons produce a sense of truth, particularly in the face of competing definitions of reality.

The aim of exploring the minority business perspective on the business case for supplier diversity in the construction housing sector, together with my desire to understand the complexity of the issues, meant a qualitative approach to this research was most appropriate. The possibility of conducting a questionnaire survey was considered and rejected due to the complexity and intricacy of some of the topics. The fact that there was a need to investigate the topics in-depth made the phenomenological paradigm more appropriate. As Skinner *et al.* (2000:163) state, many of the issues that managers investigate are complex, messy, and involve a range of stakeholders with different concerns and perceptions – this would certainly be true for this particular piece of research. These are circumstances in which qualitative research could offer richness and depth of understanding unlikely to be achieved with quantitative approaches. To elaborate further on this point, I find the summary provided by Gall *et al.* (1996) very helpful. In my view, the authors very 'neatly' highlight the differences between the assumptions made by both quantitative and qualitative researchers in an easy to convey manner. In reading their summary, I have to be quite honest and say that I find myself relating more so to the assumptions made by qualitative researchers as highlighted by Gall *et al.* (1996), than I do with the assumptions made by quantitative researchers. In addition to this, I find the assumptions they outlined which characterise 'scenarios' where qualitative research is most 'suitable' to the task at hand very relevant to this study and indeed applicable to the research questions I am seeking to address.

The Benefits of Qualitative Research

A wide variety of authors have highlighted the considerable contribution that qualitative research can make to the field, suggesting that research utilising qualitative techniques can provide rich insights into the issues that interest both management practitioners and researchers (Boje, 2001; Crompton and Jones, 1988; Prasad and Prasad, 2002; Reason and Rowan, 1981; Van Maanen, 1979). Gephart (2004:455) emphasises the following benefits of qualitative research over quantitative research:

> ➢ Qualitative research can provide thick, detailed descriptions of actual actions in real-life contexts that recover and preserve the actual meanings that actors ascribe to these actions and settings. Qualitative research can thus provide bases for understanding social processes that underlie management.
>
> ➢ Qualitative research can provide memorable examples of important management issues and concepts that enrich the field.
>
> ➢ Qualitative research has potential to re-humanise research and theory by highlighting the human interactions and meanings that underlie phenomena and relationships among variables that are often addressed in the field.

Burns and Grove (1987) summarise the differences between the two approaches and label the two approaches 'hard' and 'soft' science, as shown in Table 4.

Table 4: Quantitative and Qualitative Research Characteristics

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Quantitative and qualitative Research Characteristics
(Burns and Grove 1987)

Quantitative Research	*Qualitative Research*
Hard science	Soft science
Focus concise and narrow	Focus complex and hard
Reductionistic	Holistic
Objective	Subjective
Reasoning logic, deductive	Reasoning dialectic, inductive
Basis of knowing cause	Basis of knowing meaning,
And effect relationships	discovery
Tests theory	Develops theory
Control	Shared interpretation
Instruments	Communication and
	Observation
Basic elements of analysis	Basic element of analysis
numbers	words
Statistical analysis	Individual interpretation
Generalisation	Uniqueness

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Lincoln and Guba (1985: 301–328) comment that qualitative research has its own, separate hallmarks of rigour, which they termed credibility, transferability, dependability and confirmability. These criteria are no less rigorous than those used to assess the trustworthiness of quantitative data, they are simply different, and require different steps and measures to ensure quality data. Wright (1996) argues that qualitative research is effective due to its flexibility and disciplined approach, highlighting the fact that it allows access to and generates discussion with key decision makers in organisations and with industry leaders. This is most certainly why this

research approach is suited to answering the research questions presented in this study – in highly competitive markets companies are often reluctant to disclose information which is regarded as sensitive and pertaining directly to their organisations (Crimp and Wright, 1995).

Criticisms of Qualitative Research

'...The qualitative naturalistic inquirer soon becomes accustomed to hearing charges that naturalistic studies are undisciplined; that he or she is guilty of "sloppy" research, engaging in "merely subjective" observations, responding indiscriminately to the "loudest bangs or brightest lights." Rigour, it is asserted, is not the hallmark of naturalism'.

Lincoln and Guba (1985: 17)

As well as highlighting the benefits of qualitative research, a segment of the academic community have also criticised this approach for its limitations. Goodyear (1990) for example, emphasises characteristics such as lack of scientific rigour, small samples, subjective and non-replicable efforts, in arguing his point. Given (2006) also acknowledges that qualitative research often comes under fire for its use of small sample sizes or methods, that on the surface, appear to gather "anecdotal" or "biased" data – charges that imply sloppy design and research results that are of little value to practice. Given (2006) also points out however, that qualitative research does acknowledge bias and embraces it as part of the investigation, rather than pretending that bias does not exist or can simply be overcome with "better" research design. Silverman (2000) makes a further point and notes that questions are often posed about qualitative research study's reliability or validity when these quantitative measures of rigour are simply inappropriate for judging qualitative research.

Criticisms of Quantitative Research

Over the years, quantitative research along with its epistemological and ontological foundations, have been the focus of a great deal of criticism – it is these such criticisms which further strengthens my resolve to steer away from adopting such a stance for this final phase of my research. To elaborate, spokespersons of qualitative research in particular have criticised quantitative research in general as a research strategy; the epistemological and ontological foundations of quantitative research have been criticised; and criticisms of specific methods and

research designs with which quantitative research is associated have been made. Bryman and Bell (2003) outline four criticisms in particular to provide a flavour of the critique of quantitative research:

1. Quantitative researchers fail to distinguish people and social institutions from the 'world of nature'.
2. The measurement process possesses an artificial and spurious sense of precision and accuracy.
3. The reliance on instruments and procedures hinders the connection between research and everyday life.
4. The analysis of relationships between variables creates a static view of social life that is independent of people's lives.

According to Leminger (1985), quantitative research methods make an epistemological assumption that the social world lends itself to objective forms of measurement. Such stripping of data from their natural context poses questions about the reliability of findings, since random or accidental events are assumed not to happen. Kaplan and Duchon (1988) also argue that the stripping of context i.e. reduced 'responsibility' through the use of a closed survey instrument, enables objectivity and testability, at the cost of a deeper understanding of what is actually occurring. Gable (1994) makes a further point (and being a fan of interpretivism I think this is a very valid observation) and considers quantitative research to be relatively weak when used with the objective of discovery and during data collection. The reason being that once the research is underway there is little an investigator can do upon realising that a crucial item has been omitted from the questionnaire, or discovering that a question is ambiguous, nor is being misinterpreted. Gable (1994) therefore suggests that the researcher should have a good idea of the answers sought before starting the survey. Hence, traditional quantitative survey research would appear to serve as a methodology of verification rather than discovery.

Strengths & Weaknesses of Quantitative and Qualitative Research Paradigms

It is only fair and important at this juncture, whilst making a case for why I am adopting a constructionist stance in the final phase of my research, that as a researcher I do not fail to acknowledge the strengths and weaknesses of both approaches from a 'balanced view-point'. Here, it is useful to present the following view of Easterby-Smith (1991), shown in Table 5, who summarises some of the strengths and weaknesses of the two research paradigms.

Table 5: Strengths and Weaknesses of Quantitative and Qualitative Research Paradigms (Easterby-Smith, 1991)

Theme	*Strengths*	*Weaknesses*
Positivist **(Quantitative paradigm)**	They can provide wide coverage of the range of solutions. They can be fast and economical. Where statistics are aggregated from large samples, they may be of considerable relevance to policy decisions.	The methods used tend to be rather inflexible and artificial. They are not very effective in understanding processes or the significance that people attach to actions. They are not very helpful in generating theories. Because they focus on what is, or what has been recently, they make it hard for policy makers to infer what changes and actions should take place in the future.
Phenomenological (Qualitative paradigm)	Data-gathering methods seen more as natural than artificial. Ability to look at change processes over time. Ability to understand people's meaning. Ability to adjust to new issues and ideas as they emerge. Contribute to theory generation.	Data collection can be tedious and require more resources. Analysis and interpretation of data may be more difficult. Harder to control the pace, progress and end-points of research process. Policy makers may give low credibility to results from qualitative approach.

METHODS

Questionnaire Design & Content

A questionnaire was devised following an analysis of the literature review (as detailed in Chapter 5) and the summary of the research conducted thus far for Documents One to Four – a copy of the questionnaire is provided in Appendix D. An extremely important issue which needed to be addressed during the questionnaire design process was the 'wording' used in the questions. As Dillman (1983) notes, it is hugely important that questions are written so that they are easily understood by respondents to avoid misunderstanding. This is something I was very mindful of in light of the fact that the term 'supplier diversity' is one which is new to the UK and therefore many organisations may not be familiar with the term. Also, the term 'minority business' could mean different things to different people, so again it was important to address this – the easiest way being to provide a definition of particular terms to respondents during each question in the interview where I could see it may cause them confusion. This was considered necessary as it was crucial that they understood the question being asked correctly in order to get an 'accurate' answer i.e. an answer that responds to the specific question being asked.

The questionnaire shown in Appendix D highlights text in red before each set of questions by topic – this is to explain what I was seeking to learn in relation to the findings of the literature review and the research carried out thus far.

The questionnaire consisted of several loosely structured interview questions that served as a means of gently probing for information about the research questions and objectives. The questionnaire was tested in a pilot study that was not included in the sample. The use of a pilot study is recommended because it allows a researcher an opportunity to review and revise a research instrument (Eisenhardt, 1989; Parkhe, 1993). Although no significant modifications were made to the questionnaire, the pilot study did allow for minor corrections and refinements to some of the interview questions. Moreover, the pilot study is not a pre-test of a questionnaire, but is more like a full "dress rehearsal" that may assist a researcher in developing a relevant line of questioning (Yin, 2003:74).

Identifying the Respondents

Access to and choosing respondents was an important area of concern. Given (2006) advises that the sample size used in qualitative research must be manageable to accommodate financial costs as well as the time involved in gathering and analysing data.

By this stage of my DBA, I had already learned and experienced the difficulties one can encounter when trying to identify minority businesses to take part in the research – this was particularly so for the Document Four phase of my journey. Here, I learned that profiling the minority business sector is a research question in itself. Identifying minority businesses in the construction industry was a real problem for me, for example, there is no national database or regional directories that I could use to save me time and resources which would allow me to identify these businesses in a speedy fashion. This was an interesting insight in that I now really do appreciate why the directors I interviewed previously raised this as an issue during the research study carried out for Document Three – the previous respondents for both Documents Three and Four highlighted the difficulties in 'finding' minority businesses as one of the major hurdles they encountered when seeking to address issues around diversity in their supply chain. This does beg the question 'do heads of procurement and managers operating in this department have a valid point – is accessing qualified minority businesses a real issue for the construction industry?' A likely root cause of this could perhaps be attributed to the fact that only 3 per cent of SMEs operating in the industry are ethnic minority owned, and a mere 1 per cent are women-owned businesses (CITB 2004).

Due to these difficulties I adopted a technique known as 'Snowball sampling' for the final phase of my research. Black (2005) describes the method as follows:

'This is an interesting approach where subjects with desired traits or characteristics give names of further appropriate subjects to be contacted. It is of value when there are no lists of population members anywhere, not even identifiable clusters. The disadvantage is that there is no way of knowing whether the samples are representative of the populations'.

Black (2005:125)

Bryman and Bell (2003), note that by and large, snowball sampling is used not within a quantitative research strategy, but within a qualitative one, and that concerns about the external validity and the ability to generalise do not loom as large within a predominantly qualitative research strategy as they do in a quantitative research one. There is a much better 'fit' between snowball sampling and the theoretical sampling strategy of qualitative research than with the statistical sampling approach of quantitative research.

The Methodology of the Interview

An in-depth interview method was used to explore the experiences of minority business owners working as sub-contractors to the construction housing sector. In-depth interviewing is an expensive and time-consuming data collection technique relative to the quantitative methodologies (Tuten and Urban, 2001). However, the use of in-depth interviews was considered an appropriate methodological vehicle given the fact that this was an exploratory research study, and the goal of obtaining richness in data through a detailed discussion with the interviewees (Palmerino, 1999). The intentions of the in-depth interviews was to get inside their head and "enter into the respondents' perspectives" to find out their feelings, memories and interpretations that cannot be observed in other ways (Carson *et al*. 2001; Patton, 1990). As Siedman (1998) notes, the purpose of interviews is to understand individuals' experiences, the meanings they make of those experiences, and to put their behaviours in context in order to understand the actions they undertake – this for me was a perfect 'fit' in terms of the method required to achieve the aims of this study.

The 'Interview Society'

David Silverman has argued that we now live in what he calls an 'interview society' (Atkinson and Silverman, 1997; Silverman, 1997). That interviewing as a method for eliciting information has become ubiquitous in the media, professional life, employment situations, and all kinds of therapeutic encounters. Raymond (2008) makes an interesting statement highlighting how the growing use of interviewing is seen to have direct consequences for participation in the interview. While survey researchers have fretted about the extent to which 'over-surveying' might have contributed to declining response rates, qualitative researchers have tended to assume that living in an interview society has an enculturating effect on research participants. People in effect become trained in the role of participant. As Fontana (2001) puts it:

'Members of society spend much of their time asking questions, being asked questions themselves, or watching TV shows about people being asked questions and answering them in turn. They all seem to have routine knowledge of the rules of interviewing, with no need for instruction'.

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Fontana (2001:161)

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How Many Interview Subjects do I Need?

Thirteen in-depth interviews were conducted with minority business owners working as sub-contractors to the construction housing sector. The all too common question of "how many interview subjects do I need?" was given serious consideration, and as Kvale (1996:101) advises the answer simply is: *'Interview as many subjects as necessary to find out what you need to know'*. Also, Given (2006) talks about the 'saturation point' where the researcher achieves 'transferable data' which can be generalised, and advises this normally takes place from 15-18 interviews. This, from experience makes a lot of sense to me - having conducted many interviews previously for other published papers which I have co-authored, experience has shown that one does reach a 'saturation point' where after conducting several interviews I would say to myself *"I know what's coming…I know what the respondents going to answer to this"* - from experience, themes start to emerge in the research study where the interviews start to produce similar results in the form of what the respondents have to say. The same rule was adhered to during the production of this research study, and I did feel I had reached this point following the thirteenth in-depth interview.

Kvale (1996) also advises that a common critique of interview studies is that the findings are not generalisable because there are too few subjects. A paradoxical answer, from the history of psychology, is that if the aim of a study is to obtain general knowledge, then focus on a few intensive case studies. Given that there is no study to date in the UK which specifically examines the minority business perspective on the business case for supplier diversity in the construction housing sector, I have chosen to focus on a smaller number of more intense in-depth interviews in order to 'open' the inquiry up as a first study which might then lead on to further studies by researchers in this field – so the aim with this study is to gather 'richness' in data and obtain the specific knowledge required on the minority business perspective which will help shape and continue the debate for future research. It is for these reasons highlighted that I interviewed a total number of thirteen respondents for Document Five – quantitatively, each

case contains an immense number of observations of the individual minority businesses, and qualitatively, the focus on single cases made it possible to investigate in detail the relationship of the specific behaviour of minority businesses to the context of this study, to work out the logic of the individual businesses and the situation.

In addition to the above, there was also the crucial issue of the availability of resources to consider. The main considerations being:

> *Time and Money* – the time I had available for the study, and most significantly the money which was available to cover the costs of transcribing the interview transcripts, and travel costs to and from the interviewees premises.

> *Quality versus Quantity* – rather than taking what Kvale (1996:103) refers to as a '*defensive overreaction designing the study on a quantitative presupposition – the more interviews the more scientific*', I chose to adopt the present approach which emphasises quality rather than quantity.

> *Expertise* – conducting interviews on a larger scale than my own time allowed would require an assistant to be hired to conduct some of the interviews for me in which case intensive training of the 'new' assistant would be required to obtain interviews of good quality. Both the financial and time constraints would not allow for this to be possible. Given that I already possess extensive experience of carrying out in-depth interviews, at least I could be sure that the interviews would be of good quality and carried out with the end goal in mind.

Conducting the Interviews

The interview started with a general introduction to make the respondents aware of the purpose of the interview and discussion agenda given in the interview protocol. This was followed by non-directive and more general questions. Then the formal interview started with a "grand tour" question to focus on the domain of the study. Then the interview became more structured when specific questions given in the interview protocol were asked. During this formal phase of the interview the respondents were asked a series of probing questions to elicit a greater elaboration of the key issues (MkCracken, 1988; Ulaga, 2003).

Although the interviews were conducted using an interview protocol, respondents were allowed to expand, illustrate and digress. As suggested by Carson *et al*. (2001), questions were not asked in the order they were given in interview protocol, instead the sequence of questioning was based on the interviewees' responses. This procedure was followed to avoid imposing the logic of a priori framework on the respondents. That is, the respondents were allowed to cover in their own words the areas they thought critical and important (Kvale, 1983). The new issues or topics that emerged were also further explored by probe questions. All the interviews were audio recorded and detailed notes were taken. The audio tapes were then transcribed for analysis. Each interview lasted about one and a half hours. All the interviews were conducted at the organisations premises at the scheduled date and time.

METHOD OF ANALYSIS

The following sections describe some important considerations that had to be given serious thought during the 'analysis' phase of the research findings.

The Plurality of Interpretations – Reliability & Validity

'How do we know what the participant is telling us is true? And if it is true for this participant, is it true for anyone else? And if another person were doing the interview, would we get a different meaning? Or if we were to do the interview at a different time of year, would the participant reconstruct his or her experience differently? Or if we had picked different participants to interview, would we get an entirely dissimilar and perhaps contradictory sense of the issue at hand?

Siedman (1998:16)

As Siedman (1998) highlights above, these questions are typical of the concerns raised by academics on the use of in-depth, phenomenologically based interviewing. Similarly, Kvale (1996:210) advises a common objection to interview interpretations is that *'different interpreters find different meanings in the same interview, the interview thus is not a scientific method'*. Dissimilar interpretations of the same interview do occur, though possibly less than is commonly assumed. This objection according to Kvale (1996:210) *'involves a demand for*

objectivity in the sense that a statement has only one correct and objective meaning, and the task of interpretation is to find this one and only true meaning'.

Realising the inherent value in-depth interviews present as a research method, Lincoln and Guba (1995) respond to criticisms such as those highlighted above stating:

> *'In in-depth interviewing, we recognise and affirm the role of the instrument, the human interviewer. Rather than decrying the fact that the instrument used to gather data affects this process, we say the human interviewer can be a marvellously smart, adaptable, flexible instrument who can respond to situations with skill, tact, and understanding'.*

Lincoln and Guba (1995:107)

Having extensive experience in conducting in-depth interviews, I was confident in my role as the interviewer – by interviewing a number of minority businesses, I was able to connect their experiences and check the comments of one participant against those of others. The aim of the interview process was to understand how the minority business owners understand and make meaning of their experience. As Siedman (1998) notes, if the interview structure works to allow them to make sense to themselves as well as to the interviewer, then it has gone a long way toward validity. In addition to this, to further ensure the reliability and validity of my interpretations of the transcripts, once I had written my report on the interviews, my practice was to offer to share with the participants any material that concerns them. Lincoln and Guba (1985) refer to such sharing as 'member-checking', and they indicate that it contributes to the trustworthiness and credibility of the report. In doing this, I especially wanted to know if in working with the interview data I have done anything that makes them vulnerable, or if I have presented anything that is not accurate. Except with regards to issues of vulnerability or inaccuracy, however, I retained the right to write the final report as I saw it.

Data Analysis and Quality Criteria

The analysis began early on when I examined the first few interviews to make sure my research made sense and concerned matters important to the aim of the study. As I examined each interview, I examined its content to see what I had learned and what still needs to be found out. Based on this ongoing analysis, I could then modify main questions and prepare my follow-up questions to pursue emerging themes. Also, I wrote up each interview report immediately after it was transcribed to ensure my analysis framework was working well and producing richness in data – this was crucial in that it allowed me to ensure the research was going well, and if not I could make modifications wherever required *during* the process, rather than finding out to late at the end of the interviews when it would have been too late.

The Use of Memoing

Throughout the fieldwork process and up until the writing of my conclusions, I used the technique of 'memoing' considerably, as advised by Miles and Huberman (1994) who state:

'Always give priority to memoing. When an idea strikes, STOP whatever else you are doing and write the memo. Your audience is yourself. Get it down; don't worry about elegance or even grammar. Include your musings of all sorts, even the fuzzy and foggy ones. Give yourself the freedom to think. Don't self-censor. Memoing should begin as soon as the first field data start coming in, and usually should continue right up to production of the final report.

Miles and Huberman (1994:74)

Pattern Coding

When I had completed all the interviews, I then examined transcripts to pull out coherent and consistent descriptions, themes, and theories that 'speak' to my research question (Rubin and Rubin, 2005). I adopted a technique known as *pattern coding* as the first stage of analysing the transcripts. Miles and Huberman (1994:69) define pattern coding as '*a way of grouping summaries into a smaller number of sets, themes, or constructs*'.

The source material from the in-depth interviews was analysed through the lens of each of the concepts illustrated in the conceptual framework for Document Five (see Figure 2). I placed a code next to each data unit where the matching concept, theme, event, or topical marker appeared. Specifically, I explored evidence of:

❖ The minority business perspective on the business case for supplier diversity in the construction housing sector through the lens of:

- Social Exclusion
- Corporate Social Responsibility
- Diversity Management
- Supplier Diversity
- Buyer-Minority Supplier Relationships

Why Physically Code the Interviews?

As advised by Rubin and Rubin (2005), coding allows you later on to quickly locate excerpts from all the interviews that refer to the same concept, theme, or event and examine them together.

'Coding allows you to sort statements by content of the concept, theme, or event rather than by the people who told you the information.'

Rubin and Rubin (2005:219)

When I was marking the text I had to keep my mind engaged and concentrate hard as this is not a task that can be done mechanically. I had to constantly judge whether the text provided instances of the concept or theme for which I was looking. In order to ensure my analysis was as 'thorough' as possible, I coded a couple of themes at a time so as not to 'dilute' my concentration as it would be difficult to concentrate on so much more at once. This kind of coding allowed me to use the computer to call back for examination at any point during the analysis.

The Use of Conceptually Clustered Matrix

To aid subsequent comparisons of findings to the literature and to facilitate cross-case analysis, the interview transcriptions were arranged around the topics highlighted from the literature as antecedents of collaboration. To aid this comparison, a descriptive display in the form of a *conceptually clustered matrix* was constructed using the coded interview material – this allowed for the quotations from the interviews to be centrally organised in conceptual order. Appendix E contains the final product showing the conceptually clustered matrix following the completion of this stage of the analysis.

I adopted this technique, because given the huge amount of interview material to analyse, doing a separate analysis and case report section for each research question would be likely to tire out and confuse both analyst and reader (Miles and Huberman, 1994). Therefore, the obvious solution was to cluster the research questions so that meanings could be generated more easily.

The contents of the conceptually clustered matrix found in Appendix E were then further analysed and are presented by emerging theme as shown in Appendix F – this works as a reference tool for the reader in that it provides substantive 'back-up evidence' to the findings analysis section of this thesis, thereby giving the reader a 'true feel' for the numerous comments made by the interviewees in relation to each of the research questions and findings.

A discussion of the findings now follows in Chapter Seven.

Chapter 7

DISCUSSION OF FINDINGS

The results from the research are discussed under five key headings which form the lens through which analysis has been conducted. Each heading addresses key questions which were explored as part of the overall investigation into the minority contractor's perspective on the business case for supplier diversity (see Appendix B and Appendix C). The headings are those which were incorporated within the conceptual framework illustrated in Figure 2 for this study, which are as follows:

- ➤ Social Exclusion
- ➤ Corporate Social Responsibility
- ➤ Diversity Management
- ➤ Buyer-Minority Supplier Relationships
- ➤ Supplier Diversity

Profile of Respondents

Before the findings are discussed, it is considered useful at this juncture to present a profile of the respondents interviewed as part of this research study. A brief snapshot is presented below in Table 6 of the thirteen minority business owners and the companies they represent, together with a profile of the companies.

Table 6: Profile of Respondents

Company Name	Business Region	Legal status	Year Business began	Age of Company	Specialist Trade	Number of Employees	Interviewee's Name	Age of Interviewee	Ethnicity
Dhaliwal Construction Ltd	Tiverdale, West Midlands	Limited	1998	11 years	New build & Refurbishment	5	Harnek Singh Dhaliwal	37	British Asian
M & M Construction Ltd	Derby, East Midlands	Limited	1991	16 years	Refurbishment & Maintenance	6	Narinder Mahal	38	British Asian
Marwaha Contractors	Wolverhampton, West Midlands	Sole Trader	2002	8 years	Electrical contractor	1	Kuldip Singh Marwaha	28	British Asian
Divine Homes Ltd	Birmingham, West Midlands	Limited	2006	4 years	New Build & Refurbishment	1	Hardeep Singh	30	British Asian
PSJ Building Contractors	Harlsden, London South	Sole Trader	2003	7 years	Refurbishment & Maintenance	1	Parminder Singh Jutla	39	British Asian

A1 Gas Force Ltd	Coventry, Warwickshire	Limited	1989	21 years	Plumbing & Heating	6	Gurdial Johal	41	British Asian
Atlantic Joinery Ltd	Birmingham, West Midlands	Limited	1986	24 years	Joinery	5	Balwant Singh	66	British Asian
N S Plumbing & Heating	Wolverhampton, West Midlands	Sole Trader	2007	3 years	Plumbing & Heating	2	Navraj Sandhu	36	British Asian
Dosanjh Building Contractors	Manchester, North West	Sole Trader	1990	10 years	Refurbishment & Maintenance	2	Joga Dosanjh	43	British Asian
Twinbuild Ltd	Birmingham, West Midlands	Limited	2003	7 years	New Build & Refurbishment	9	Harry Lotay	35	British Asian
EAM Ltd	Nottingham, East Midlands	Limited	1983	27 years	New Build & Refurbishment	43	Edwin Maxwell	48	British Black

AJB Woodworking Ltd	Leicester, East Midlands	Limited	1999	11 years	Joinery	25	Amarjit Binji	37	British Asian
LDA Oakway Buildings Ltd	Birmingham, West Midlands	Limited	2006	4 years	New Build & Refurbishment	8	Gurdeep Singh Sohal	35	British Asian

I would like to draw the reader's attention to the following two important points before presenting the findings analysis:

1. Throughout the findings analysis, I present quotations from the in-depth interview transcripts to illustrate the points being made and the emerging themes. Clearly, it would not be practical to present every single quotation found through the analysis which relates to the specific findings within the main body of the report. However, to provide the reader with a clear indication of the substantive evidence collated in relation to each of the themes, I have provided an overview of the analysis of all of the quotations illustrating each finding in Appendix E.

2. Please note that the grammar does appear incorrect for some of the quotations cited – this is because they have been extracted from the transcripts which were typed word-for-word as spoken by the interviewee. For some of the interviewees, they were not confident in speaking English as this was not their first language. I purposely kept the quotations exactly as they were spoken so the reader could get a true feel for the way the interviewees expressed themselves and their world view.

A discussion of the key findings together with their implications is now presented.

SOCIAL EXCLUSION

The expression 'social exclusion' is everywhere in contemporary UK social policy and has grown in importance both in the political arena and in academic discourse. Given this trend, I was keen to explore the very nature of this expression through the world view of the minority business owner operating in the construction housing sector. The evidence generated from this research study produced some interesting insights and is discussed in detail below.

The Dynamic Nature of Social Exclusion

Barnes (2005) reported that there is a lack of clarity within both academic and political circles, about what the notion of social exclusion actually captures and highlighted that this is something that can seriously undermine policy making. With this in mind, and given the increasing importance and attention placed by government bodies such as the Equality and Human Rights Commission, and the Construction Industry Council, to address this issue in relation to the inclusion of minority contractors in the construction sector, I felt it hugely important to understand what social exclusion actually means to minority business owners, how it actually affects them (if at all), and how they respond to exclusion as business owners. This was considered important because if interested stakeholders are keen to find ways to address this, then it is important that they understand the 'real' nature of the problem which will then allow policymaking to be more targeted in their approach.

What do minority businesses understand by the term 'social exclusion'?

When asked to define what social exclusion means to them, the minority business owners interviewed in this study frequently talked about the issue of 'not being allowed to get involved', as illustrated by the following comments:

'Basically you are not allowed to join the popular group. So you are in the playground and you are with the popular kids but you are socially excluded, they are not going to let you join in. Social exclusion is rife in the construction industry. I mean you are dealing with guys that have been in the industry 40 years, or 50 years, that have got good relationships. They are only going to employ people that they know, and that's the bottom line.'

The above comments are very much in line with social exclusion as defined by Walker (1997) who state:

'Social exclusion refers to the dynamic process of being shut out, fully or partially, from any of the social, economic, political or cultural systems which determine the social integration of a person in society. Social exclusion may, therefore, be seen as the denial (or non-realisation) of the civil, political and social rights of citizenship.'

Walker (1997:8)

Somerville and Steele (2002) commented that we have seen in recent years the 'de-racialisation' of the concept of social exclusion, however this certainly does not apply in this instance. Rather, the view of minority business owners on their experience of exclusion falls very much in line with the comments made by Ratcliffe (2001) who reported the concept had long been used in relation to racial discrimination. Further observations and evidence of the dynamics of the minority business experience of social exclusion now follow.

The Dynamics of the Minority Business Experience of Social Exclusion

Steele and Somerville (2002) point to the 'multi-dimensional character of social exclusion' by which they mean the tendency for socially excluded individuals to be excluded from a number of different life chances and on the basis of a number of different categories. However, the evidence gathered in this research study points to a very different picture where minority contractors experience exclusion through one main dimension alone and that being their ethnicity. All interviewees talked about the difficulties and obstacles they experienced when trying to win contracts. For example, the following interviewee describes being 'pushed out' of the market:

'At the moment it is unfair because we're minority and we're ethnic and we are getting pushed out...and it's obviously got nothing to do with our qualifications or the fact that we're not capable of doing the work because we are capable of doing the work.'

Many of the minority contractors interviewed were absolutely convinced that racism exists and were frustrated that this is the reason they are being excluded from accessing contracts with the larger firms. Some of the respondents commented that the larger firms refuse

to take their business seriously, describing their experience of being treated just as a 'worker' rather than being taken seriously as a company.

All of the interviewees commented that it is *'slightly harder for them'* to access contract opportunities and spoke of their experience of discrimination in the contracting process. These findings resonate with other studies conducted as far back as a decade ago and demonstrate that not much has changed with regards to the experiences of minority contractors trying to access work with the larger construction firms (for example, see: Harrison and Davies, 1995; CITB and Royal Holloway London University, 1999; and, Sodhi and Steele, 2006). At the end of the literature review, I stated that as part of the fieldwork I will explore to what extent minority businesses feel 'shut out' (fully or partially) from contracting opportunities which determine their 'social integration' into the supply stream – the evidence highlighted in these comments clearly show there is a feeling, or perception, amongst minority business owners that they are almost fully shut out from their integration into the supply chains of the larger construction companies. Whether this is purely a matter of inaccurate perception on the part of the minority business owners, or a fact, it is clearly an issue which needs to be addressed through carefully designed and targeted supplier diversity initiatives if the industry is going to have any chance of making progress with its diversity agenda.

Discrimination – How it affects Minority Business Owners

It was quite concerning to learn through the comments made by the interviewees that there seems to be an acceptance amongst minority business owners that discrimination does exist and they just deal with it as if it was 'normal', as they know life as a business owner in the UK. This became a pattern which I saw emerge from interview-to-interview, coupled with the fact that all minority businesses owners interviewed stressed that they were very confident that once the larger construction companies did get to see how they work and their productivity levels, that this would change the buyer's perceptions of minority businesses and that they would not hesitate in future to use them again. They were all crying out for that chance to prove themselves, and I heard repeatedly comments along the theme of *'just give us a chance & you'll see how good we are'*. The following business owner had developed what you might call 'coping strategies' to get around the whole issue of dealing with racism and commented on how he will joke about his own ethnicity just to get this hurdle over and done with and break the ice:

'They're shocked to see an Asian face on a building site. It's not what they're used to. What I do now is when I get outside I'd be like yeah, the Paki's here, kind of just to break the ice with the people that we work with because once you say that, they will be like 'huh' and they laugh so it sort of breaks the ice and you get in, you know… it's sort of just lessening the tension.'

Dimensions of the Minority Business Experience of Social Exclusion

The experiences of exclusion described by the minority contractors in this study fit well with the dimensions of *cultural* exclusion and *material* exclusion as defined by Ratcliffe (2001). The main basis of categories on which minority businesses feel they are excluded from 'life chances' such as contract opportunities are on the grounds of race and culture, which can be classed as cultural exclusion, and this is coupled with the fact they feel this generates exclusionary contracting processes which is categorised as material exclusion. The evidence for this is now presented through extracts from the interview transcripts.

Many businesses commented that they are tired of being perceived as 'dodgy' contractors simply on the grounds of their ethnicity, as the following comments illustrate:

'They won't give us the work and they look at you and they think you are Asian, you are dodgy, you know that's their perception. Why am I going to be dodgy? Because I am Asian? That's just how they look at you.'

The majority of businesses interviewed also commented that they were frustrated by the fact that they feel they have to work harder than non-minority owned businesses to prove themselves as contractors, which again demonstrates material exclusion, as the following comments illustrate:

'Of course you have to work harder at trying to win contracts…even to get your foot in the door, and once people see what colour you are, you know….I've experienced this…I've been in the industry now nearly twenty-five years and it's always been extremely difficult.'

Many of the interviews highlighted that they felt the market had failed in terms of fairness in the contracting procedure:

'When you are starting off if you are a person of colour, or of a minority background and you don't have that network of contacts initially so you rely on the fairness of the market place otherwise how you are going to break in? Often what you find is that the network takes over the situation and even when you try and force your way in I do not think that it works.'

Market failure is a serious issue which the government is seeking to address and the above comments would certainly point to the need for government intervention to correct for specific failures, as highlighted by Johnson (2005). Without adequate government intervention, the chances are that the same problems that were reported by researchers in this field over a decade ago might still prevail in the marketplace a further ten years down the line.

Self Exclusion by Minority Businesses

Earlier in the literature review, I highlighted the need to explore further and ascertain whether this is not simply just a possible case of social exclusion taking place, but to also investigate whether there is an element of 'self exclusion' happening in the marketplace. The reason behind this was that on a personal level as a researcher, I do not believe one can assume that the possible 'blame' of market failure can be placed on one party alone. Rather, the role and response of both minority contractors as well as buyers should be investigated at a closer level to really get to grips with what is happening.

The research revealed that there is evidence of self exclusion taking place in the market. Some minority contractors do choose to exclude themselves from 'engaging with the system' and there were three main reasons for them doing so which unfolded as follows:

➢ *Self Exclusion due to the Costs Associated with Expanding* - Firstly, there was evidence of some companies who made a conscious decision to focus on the residential market and jobs which had a value up to a certain threshold simply driven by the need to avoid the costs associated with expanding to cater for the requirements of the larger constructions companies. The fact that large construction companies would require policies in place, together with the correct level of insurance and various accreditations was a 'turn off' for some of the interviewees and a cost as well as hassle they chose to avoid. This was especially so given the fact that after spending on the extra resources required to

fulfil the criteria of the larger construction companies, there was still a risk for their business that there is no guarantee of work and therefore a cost the minority contractor could not justify. For other minority contractors it was an issue of capacity – they steered away from working with the larger contracts because they were aware that they would not be able to fulfil the capacity requirements.

➢ *Self Exclusion due to Lack of Effort by the Minority Contractor* - Secondly, there was the issue of no effort had been made by some of the minority contractors interviewed to access work with the larger firms. Some minority contractors expressed enthusiasm at the thought of winning work with the larger construction companies, but were honest enough to admit that they are so busy running around carrying out the work they do have with the residential market that they had not really taken the time to find such work. They also expressed that this really is a grey area for them in that they do not really know how to go about accessing contract opportunities with the larger companies. These elements of self exclusion may explain in part some of the reasons behind why the record of supplier diversity in the construction industry is reported as being poor, illuminating some important contributory factors for further investigation.

➢ *Self Exclusion due to Fear of the Effects of Discrimination on Business* - The third dimension of self exclusion was based around the minority contractor's fear of the effects that discrimination in the way buyers operate might effect the survival of their business. One of the interviewees commented that he had experienced on too many occasions a dip in their workflow every time a new maintenance manager was on board who would avoid giving work to minority contractors, and therefore the owner avoided expanding on the back of work from the housing association because they could lose it at anytime.

Minority Businesses and Social Identity

This section of the field interviews explored the minority business perspective on how they perceived themselves i.e. how they would define their social identity, and how they felt about being defined as a 'minority business'. The majority of business owners interviewed were very uncomfortable to be defined as a 'minority business' or an 'ethnic minority owned' business. For example, one interviewee was visibly moved and upset when I posed the question and he commented:

'It makes my company feel even smaller than it already is.'

Rather, the minority businesses interviewed wanted to be recognised for what they do as a business, and not their ethnicity. The idea of being 'pigeon holed' for many was frustrating and disappointing. When asked how they would describe themselves, they focussed on their specialist areas as illustrated by the following comments:

'If I was going to go to a large organisation I'd want to see them see me as a quality plumber. Really we should be taken as a company who happen to be ethnic. I don't look at a plumber and think 'oh my god, he is an Indian who happens to be a plumber'. I look at him as he is a plumber, firstly, and foremost he is a plumber who happens to be Asian.'

This further highlights the need for practitioners to re-think how they address and respond to the whole issue of diversity in the construction sector. If minority businesses are made to feel 'different', there could be a danger that they are further isolated into concentrating on the residential market as their strategy to get around the 'hurdles' they perceive to exist in the marketplace, which defeats the whole government objective aimed at being more inclusive in the business community and helping the minority business sector to grow.

Suppressing Identity

In their efforts to get around some of the obstacles they experience, the majority of minority business owners interviewed in this study spoke about how they hide their identity when trying to access contract opportunities with the larger construction companies. The following interviewee was reluctant to say much on this issue while the interview was being recorded because a lot of his workers were walking around and they could hear what he was saying and because the majority of his team were white employees he didn't want to offend, so he whispered and told me:

'There's definitely discrimination against Asians and that's why I call myself Joe so when I answer the phone with the name 'Joe' people don't know that they are dealing with an Asian guy.'
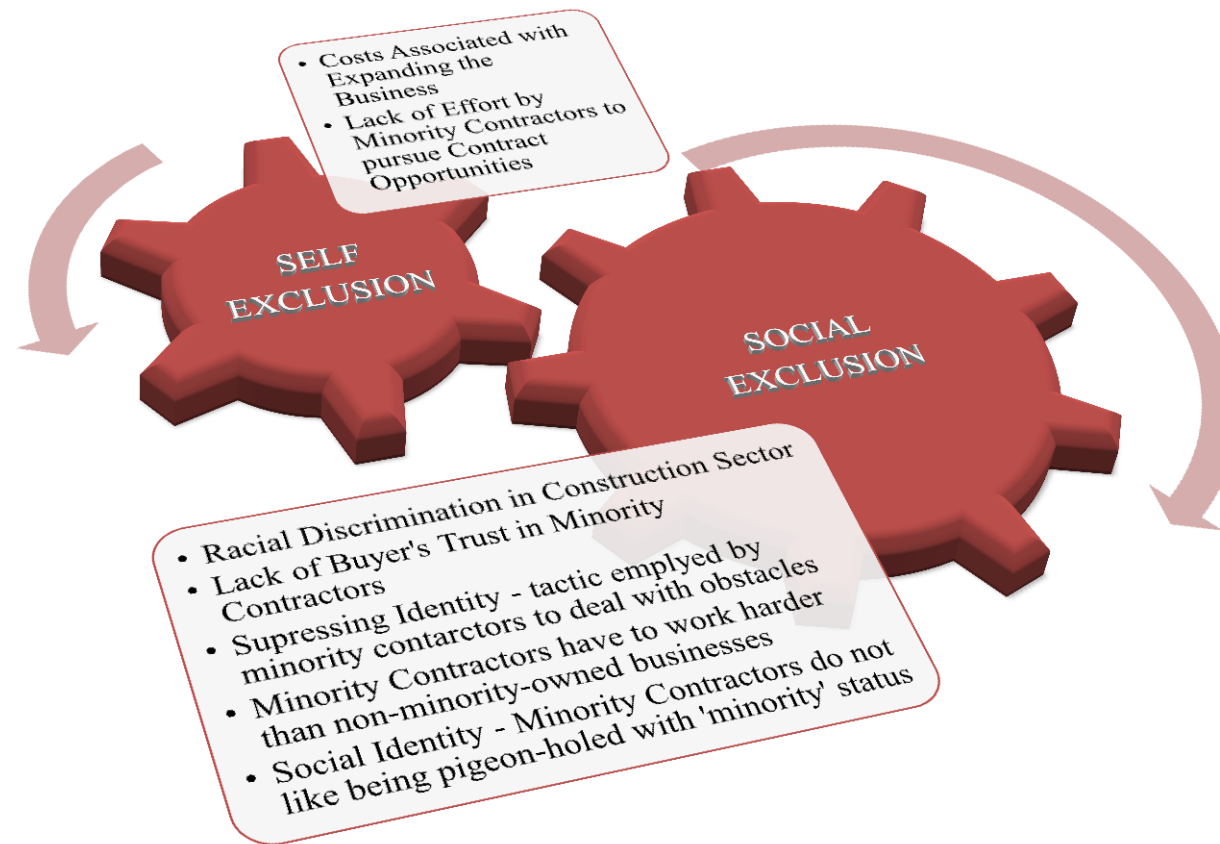
Similarly, some of the minority contractors gave their business a name which sounds very English and fronted their business by employing white staff. For one particular interviewee, he went as far as ensuring the rest of his workers who are Asian were out of the public view working in a separate workshop behind the office open to the public and he employed a white female to front the business.

There is a sense amongst minority contractors that if you hide your identity, you can certainly achieve better results as a business. The findings here resonate with comments made by Kramer (1998) who highlights that diversity has always existed in organisations, but individuals have suppressed their diversity in order to conform to the stereotype of a "good employee". Because it was always suppressed, organisations are having trouble dealing with diversity around race and gender issues. If the construction industry is going to have any chance of progressing in the field of supplier diversity, then it appears a lot of work remains to be done in ridding these perceptions as they clearly are hindering the potential for successful buyer-minority supplier relationships.

THE MODEL OF EXCLUSION

The key research findings analysed through the lens of social exclusion are illustrated in Figure 7. I have chosen to entitle this 'The Model of Exclusion' as opposed to 'The Model of Social Exclusion' because through the research evidence, it has transpired that there is an element of 'self exclusion' taking place, albeit due to certain factors. The illustration reflects the minority contractor's perspective on the environment within which they operate in the construction marketplace.

FIGURE 7: The Model of Exclusion

- Costs Associated with Expanding the Business
- Lack of Effort by Minority Contractors to pursue Contract Opportunities

SELF EXCLUSION

SOCIAL EXCLUSION

- Racial Discrimination in Construction Sector
- Lack of Buyer's Trust in Minority Contractors
- Supressing Identity - tactic emplyed by minority contarctors to deal with obstacles
- Minority Contractors have to work harder than non-minority-owned businesses
- Social Identity - Minority Contractors do not like being pigeon-holed with 'minority' status

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility - Through the Eyes of Minority Contractors

In this section I explore the minority business owner's perspective on what corporate social responsibility should mean to the large construction companies. The evidence from the interview material shows that minority contractors have mixed views on the theme of corporate social responsibility. For some of the interviewees, they did not have any idea on what corporate social responsibility might entail and made comments such as:

> *'It's up to them isn't it?...It's up to them how they want to engage with their corporate social responsibility.'*

One could argue that responses such as those cited above confirm the view of Lantos (2001) who stated:

> *'...the concept of corporate social responsibility is a fuzzy one with unclear boundaries and debatable legitimacy'.*

Lantos (2001:595)

For others however, they were firm in their views that the corporate social responsibility of the larger companies should extend to outside of the firm. Two primary themes emerged from this:

1. The responsibility of the larger construction companies to ensure they engage with local SMEs which include minority contractors when working in their area.
2. The need for government intervention to ensure that minority contractors get to access their fair share of the contracts available.

Stakeholder Management

The question of whether minority businesses see themselves as 'stakeholders' of larger construction companies was investigated together with their perspective on whether procurement professionals for large construction companies should be concerning themselves with managing minority contractors as 'stakeholders' of the business, and if so, why? The opinions here were surprisingly strong and the majority of the interviewees expressed that they felt large construction companies should consider their obligations more seriously.

Comments about the role and obligations of the public sector were made frequently and there was a strong sense of disappointment amongst minority contractors towards their local council. They felt that action for ensuring a 'level playing field' should start at the doorstep of the council and that they had failed to do this. The council was seen by many of the interviewees as the first point of contact that large construction companies have to make to either gain permission for work or win work, and therefore it was at this point that minority contractors felt the council should be stipulating how the contracts should be delivered ensuring engagement with the minority business community, together with a responsibility on the council to disseminating information regarding potential new contracts to the minority business community in time.

'They should treat as us stakeholders in one way because obviously you are helping small businesses get bigger. It's helping the whole country on the whole…and it's helping the economy'.

Some business owners commented that the larger companies need to be more aware, and take account of how their decisions affect smaller businesses and for this reason they felt they should be treated as stakeholders of the of the firm if they are working as contractors for the larger companies:

'They are responsible towards us if they initially gave us the step up on to the bigger playing field…then they got to be aware that if someone smaller is taking on more workers because of the work that they are providing them then they have to be aware of that. You are playing with a company's life.'

When asked if the interviewees could provide examples of occasions where they feel they have been treated as stakeholders of the firm, the majority of them replied as the following respondent did:

'Not really, we haven't come across anything like that.'

Freeman (1984:46) defined a stakeholder as *'any group or individual who can affect or is affected by the achievement of the organisation's objectives'*. Groups typically cited as stakeholders include (but not limited to): customers, suppliers, employees, local communities, governments, and shareholders. Similarly, Doh and Guay (2006) subscribe to the view that corporate social responsibility is the notion that companies are responsible not just to their shareholders, but also to other stakeholders (workers, suppliers, environmentalists, communities, etc). Stakeholder theory posits that companies have a responsibility to those who have vested interests in a firm's performance and those who are directly affected by the firm's actions (Evan and Freeman, 1983; Freeman, 1984). The comments made by the minority contractors interviewed during this study fit well within these definitions where they make a case as suppliers, as well as being part of the local community, to be treated as stakeholders.

The comments also resonate with Berman *et al.* (1999) who argued that each element of this relationship represents the foundation for a model of stakeholder management, and therefore there is in an implication here that larger construction companies should be concerning themselves with treating minority contractors as stakeholders. First, if stakeholders can affect the achievement of a firm's objectives, it follows that the firm's decisions, and hence its performance, may be affected by the activities of its stakeholders. For example, larger construction companies can be affected by the performance of minority contractors working as their suppliers. Likewise, if stakeholders are affected by the achievement of the firm's objectives, it follows that the firm's decisions affect the well being of its stakeholders on the firm's part too, as illustrated by some of the previously highlighted comments. Therefore, as argued by Berman *et al.* (1999), managers should proactively address stakeholder interests, yet little has been done to identify which stakeholder interests should be attended to and what managers should do to address them. Throughout this chapter, frequent reference is made to what minority contractors feel procurement managers should attend to in order to help diversify the construction housing sector.

The Benefits of Corporate Social Responsibility

The only benefits that minority contractors feel large construction companies can gain if they were to implement supplier diversity programmes under the banner of their corporate social responsibility policy, were benefits for themselves in terms of winning contracts – they were convinced that that is the only reason for why the larger companies would concern themselves with managing diversity in their contractor base.

'It's for the tick box, for the councils, for the quangos, for the government, yes. For us small businesses… no!.'

Their thoughts are largely confirmed by the procurement directors interviewed during Document Three, who admitted the main driving factor for them to have diversity on their corporate social responsibility agenda was simply because their clients (who were public sector organisations) required them to do so. This resonates with the view of Coelho (2003:16) who highlighted that the terminology of social responsibilities of corporations makes it *'an extremely effective marketing tool'*.

Defining Diversity – the Minority Business Owner's Perspective

The question of how we actually define diversity was raised during the literature review, with a specific focus on how this might help us to effectively manage supplier diversity. This section reports on what minority contractors understand by the term diversity and whether they would actually define themselves as 'diverse', and if so, in what ways they regard themselves as diverse. By gaining a better understanding of the world as they see it in relation to this subject may help practitioners to respond and align the design of their diversity initiatives more effectively.

The definitions of diversity provided by the interviewees tended to focus around the theme of 'difference', 'everything' and 'integration' as the following quotes highlight:

'To integrate.'

'Diversity is like a spider's web. It attaches to different facets all interlinked at the same time.'

'Being open to everything. To be willing to be exposed to everything.'

The responses received indicate that minority contractors do perceive themselves as being 'different' and their desire to see the marketplace embracing this difference through integrating them. Their definitions also resonate with those of other scholars such as Kramer (1998), Thomas (1991), and Smith (1998) who define diversity as having many facets and layers.

Managing Diversity - the Minority Contractors Perspective

Various scholars have provided their perspectives on what they think managing diversity means. In this section I explored what the notion of managing diversity means to minority contractors. The interviewees were very vocal about this and stated firmly their belief in how important it is for larger organisations to address this in a 'serious' manner i.e. to ensure they really make a difference and make diversity work for their organisation. Of all the responses I listened to during interviews, the following was by far my favourite and will remain in my memory for a long time, simply because I was surprised at how creative the interviewee was with his definition:

'Managing diversity – that's the spider in it. A spider needs to build his web but he needs to attach it to different parts of the building so he needs to make sure he can attach it to that part and that part and that's available for him to attach, that's available for him to attach and then you work and you build together.'

Other interviewees commented as follows:

'To manage diversity would be to make yourself aware that you have to be diverse and to implement that so that you put it into working practice.'

The above definitions provide diversity practitioners with important insights into the world view of the minority contractor, and give clues to inform stakeholders on how to go about designing effective supplier diversity programmes in a manner which will 'appeal' to the target audience i.e. the supply side. The definitions also fall in-line with those provided by scholars who go beyond referring to visible differences when defining diversity management. Gilbert *et al*. (1999) for example, consider diversity management to be a new organisational paradigm in that it moves beyond a human resource model based solely on legal compliance to one that suggests there is inherent value in diversity.

<center>**The Business Case For Diversity Management**</center>

Benefits of Managing Diversity – the Minority Contractors Perspective

Scholars like Robinson and Dechant (1997) urge that it is important that a business case is presented in order to obtain leadership commitment in implementing such initiatives. But is diversity management a good thing or a bad thing for business? The minority contractors interviewed in this study were unanimous in their consensus that diversity management definitely is a good thing for business, and that there is a solid business case for large construction companies to take it seriously. All of the interviewees were very firm in their beliefs that larger construction companies have many benefits to gain through managing diversity in their contractor base. In particular, they reported the following benefits which they perceive large construction companies would gain through dealing with minority contractors:

> ➢ Minority contractors work harder than non-minority owned businesses.
>
> ➢ Minority contractors are more competitive with their pricing.
>
> ➢ Minority contractors offer better quality and performance.
>
> ➢ Diversifying their supplier base will help larger construction companies to achieve a better reputation through improved corporate social responsibility.

The benefits highlighted above resonate with the business case for managing diversity as reported by various scholars which include: Cox and Blake (1991); Kramar (1998); Lattimer (1998); and Robinson and Dechant (1997).

Reasons why Large Construction Companies Manage Diversity – the Minority Contractor's View

This section of the in-depth interviews investigated whether minority contractors think the larger constructions companies do try and manage diversity, and if so at what level within the organisation is diversity managed? This was an important area to explore because it provides stakeholders who have a vested interest in this arena to understand the world view as seen by the supply side. It is argued that only by doing so would they be able to realise a true picture of what they are actually dealing with together with the issues which need to be addressed as part of their wider agenda.

It was interesting to learn here that the general consensus amongst the minority contractors interviewed in this study were of the view that large construction companies do not seek to manage diversity in their organisations, and that they only do so if they are 'pressured' to by stakeholders which have a strong influence over the way they run their business. The following two reasons were the main stimulates which minority contractors viewed as being the 'drivers' for large construction companies to manage diversity:

1. A 'PR' exercise – a marketing tool to help win contracts with their clients.
2. Legislation.

These comments resonate with the findings which unfolded during Document Three where the procurement directors interviewed admitted that these were the primary reasons why they engaged in diversity initiatives. It was highlighted in the literature review earlier that Kramer (1998) argues diversity is managed at three levels: the strategic level, the managerial level, and the implementation level. Using Kramer's guidelines, it would appear that minority contractors perceive large construction companies to be managing diversity more at the 'strategic' level where it is seen as 'critical for organisation success'. However, the perception held is that large construction companies manage this issue at this level more as a result of stakeholder pressure, rather than because they acknowledge and value differences between people. Minority contractors were of the view that this is an issue which is handled 'strategically' by larger construction companies because there are consequences for them for not attending to diversity. The potential consequences large construction companies may face, as perceived by the minority contractor are highlighted below.

The Consequences of Not Attending to Diversity

The majority of minority contractors interviewed felt there were no 'real' consequences that large construction companies are likely to face if they do not attend to managing diversity in their supply chain. The only real possible worry they face is prevalent in the public sector where they could risk losing a contract or fail to win a contract because they have failed to attend to this matter. Minority contractors were of the view that because there are no real consequences for them, large construction companies are not really 'bothered' about concerning themselves with the issue of managing supplier diversity. For example, some contractors mentioned there is no legislation which forces them to manage diversity. Other contractors

commented that the real consequences are faced by the minority business owners who miss out on potential work which does impact their business.

Barriers to Managing Diversity

The minority contractors interviewed in this study perceived there to be two main barriers which may inhibit any possible efforts to manage diversity by the larger construction companies:

1. Adding to the buyer's workload – the perception held is that buyers will just see this as extra work and not understand the business case for increasing their load.
2. Visibility of minority contractors – there is a perception amongst minority contractors that buyers are not aware of them and therefore a register of minority businesses is required.

The barriers highlighted above resonate with those reported by other scholars. For example, of the various barriers highlighted by Galagan (1993), there is evidence through this study of the following issues being relevant in the construction sector which inhibit the effective management of diversity:

1. Prejudice – equating difference with deficiency.
2. Lack of organisational know-how by non-traditional managers.
3. Managers more comfortable with their own kind.

Also, as Thomas and Ely (1996) warn, inexperience with the process (in this case, inexperience with supplier diversity), and misdiagnosis of management issues and attitudes, including thinking of diversity in terms of identity group representation, are further barriers.

'That's Just an Excuse!'

During Document Three, all of the procurement directors interviewed stated that they are more than willing to engage with minority business owners, but their view was that 'there just aren't any out there' and that they do not know where to find them. During the field interviews, I put the views of the procurement directors to the interviewees to seek their thoughts and views on this and to see if the directors really do have a point – that minority contractors are actually

very difficult to source. The majority of minority contractors interviewed were annoyed to hear this and felt that these were just mere excuses from the larger construction companies, who they felt were not really bothered about managing diversity – the belief was that 'if they really wanted to do something about it, they could'. The following comments illustrate some of the sentiments of the interviewees on this issue:

'Now, I know that that's a lot of rubbish okay, because for instance, the jobs I have got going on at Bromsgrove…all the workers have all walked on to site and handed my site foreman a card and said, 'we are looking for work'. Now you are telling me that don't happen on the site down at the brewery. Are you telling me that chippies won't walk on site and say, "Here's my card. I am looking for work". It's a lot of rubbish. The thing they are doing is they have got no clue what happens down at ground floor level. They need to advertise, right, we are coming to the Apollo Hotel in Birmingham on this date, can all builders who are interested in looking for work, attend? Simple as. If nobody turns up they are absolutely right. But if people turn up and people introduce themselves then at least the ball is in there court then.'

The lack of willingness by large construction companies to try out new suppliers from the minority business sector was perceived as a huge barrier. Some interviewees believed that the buyers for larger construction companies do not want to 'risk' trying out using a new minority contractor for the fear of losing a good client if the work went wrong. At the time of me writing this section of the thesis, similar observations were reported by the Equality and Human Rights Commission, which further confirms my evidence and findings.

Evidence was gathered during the in-depth interviews exploring the minority business owner's perception of the identity, image, and reputation of the large construction companies. In particular, in light of what the current literature states about the crucial role of 'trust' in buyer-seller relationships, I was keen to explore here whether minority contractors felt the relationship with buyers for large construction companies is one which they can trust as well as gaining a better understanding of how they perceive the image and reputation of the construction sector. This was considered necessary as any efforts to increase supplier diversity in the industry would require practitioners to understand in-depth the dynamics at play and address any issues at their roots.

Buyer-Seller Perceptions & Trust

When asked whether the relationship with large construction companies is one which they can trust, the majority of interviewees were confident that they could not trust any buyers because in their view they do not treat you fairly. These findings resonate with Steele and Sodhi (2006) who reported the reason why so few ethnic minorities choose to enter the construction industry are the barriers that exist for minority businesses, relating primarily to the industry placing little emphasis on equality of opportunity. These barriers include: the image of the industry, the lack of career development opportunities and employment uncertainty, the prevalence of overt racism, the lack of information available about the industry, and the organisational culture of the industry.

The findings of this study also identified with issues uncovered by Ketchum *et al*. (1990) where the researchers supported the hypothesis that minority businesses have to work harder at creating a trusting environment. The findings revealed under-capitalisation, a hostile working environment, poor communication, and high transaction costs inhibited the growth of buyer-minority supplier relationships. Other findings included that corporate purchasing personnel had a lack of confidence in the owner's managerial skills and the ability to provide technical support.

These generally negative perceptions regarding large corporations help explain why minority businesses become disillusioned when attempting to do business with large firms. At the heart of these findings is the issue of 'trust'. Trust is an important variable in the development and maintenance of relationships (Smeltzer, 1997), and is seen as a critical component in buyer-seller relationships (Ellram, 1991). In fact, trust has been said to be the 'binding force in most productive buyer-seller relationships' (Hawes *et al*. 1989).

The framework provided by Smeltzer (1997), is particularly relevant to this finding. Smeltzer (1997) argues that corporate image, identity, and reputation are at the origin of supplier-buyer trust. He argues that any analysis of supplier-buyer relationships that do not include identity, image, and reputation are severely limited, and explains that trust or mistrust occur because of these concepts. Given that the construction industry has a 'reputation', 'image' and 'identity' as one which has for years had a poor record in diversity (CITB and Royal Holloway University of London, 1999; Sodhi and Steele, 2002; Sodhi and Steele, 2006; UMIST, 2004), these factors as suggested by Smeltzer's framework, could explain why there is a lack of trust amongst minority businesses towards the larger construction companies, and hence why they feel they have to work harder at creating trust and accessing contract opportunities. Other research which supports this statement includes a report by the CITB and Royal Holloway University of London (1999) on the experience of ethnic minorities in the construction industry which found that racism is rife. Steele and Sodhi (2006) argue that such behaviour validates the 'image' of the industry as one where racism is prevalent. Researchers have also found evidence that some ethnic minorities in the industry develop strategies for working with potential racists by avoiding situations where their ethnicity is obvious (Boyal, 2007; Building, 1999; Sodhi and Steele, 2000).

Industry Image

The majority of interviewees felt it was important for the construction sector to manage its image better to attract more minority contractors, but emphasised it has to be demonstrated through changing the way they operate.

'They should manage their image better… of course they should. They could do that by probably getting rid of some of the staff that they've got that don't let the minorities into the system. That's where you'd start.'

On the other hand, some of the interviewees highlighted that it doesn't make a difference if the construction sector improves its image - minority business owners will always focus on private work because that is the contract size they can handle.

Large Construction Companies Perception of Minority Contractors

Minority business owners expressed frustration towards the way they feel they are perceived by the larger construction companies and highlighted they do not want to be seen or categorised as 'minority contractors'. They saw this as a means of pigeon-holing them and making them feel even smaller than what they are. Rather, they stated it is only fair and more fitting that they should be recognised for their profession and not their ethnicity. Furthermore, the interviewees expressed how tired and annoyed they were at being 'tarnished with the same brush' as 'cowboy' builders.

The problem is that some other Asian people who have come in as immigrants, they are doing a shoddy job and that spoils it for businessmen like me who are doing a proper quality job.

Some interviewees felt that the larger construction companies do not engage with minority contractors because they do not want to 'take risks' with trying out new contractors, as one business owner stated:

'They must have spent a lot of money preparing for the contract and what they can't afford to do is take risks or test new partners..they will go with the ones that already exist because they know that they would deliver so then what they have to lose is their contract or their job. It's not about being Asian.'

Are they Uniquely Minority-related problems or SME-related problems?

There is some literature in the US, albeit very little, which looks at whether the barriers faced by minority contractors in the supply chain are uniquely due to the fact that they are from the minority community, or whether the barriers are typical features which many small businesses face (for example, see Dollinger *et al*. 1991). This is an interesting point and was certainly worthy of exploring as part of this study. The reason being that for any industry to tackle issues such as diversity and barriers to contract opportunities, it is argued that it must first understand the exact nature of what it actually is trying to address, or should be addressing.

For the majority of the barriers highlighted by the interviewees in this study, it was clear that such problems were uniquely faced by minority contractors, for example racial discrimination barriers are clearly unique to minority contractors. However, these were coupled with barriers that are 'typical' features faced by many SMEs, such as, contract sizes, payment periods, and the costs associated with gaining the relevant policies required by large construction companies.

It would appear then that minority contractors not only face and therefore have to deal with SME-related hurdles, but added to this they also have to deal with 'minority-related' challenges, with the general consensus being that if you are a minority business owner you 'have got to try harder and go the extra mile' to prove yourselves to the larger construction companies. These findings resonate with those reported by Dollinger *et al*. (1991) who revealed that the minority businesses reported the complexity in doing business with large firms represents the greatest hurdle to strong relationships, and concluded that significant differences exist between minority businesses and small business enterprises, suggesting that minority businesses face two types of challenges: size-related challenges and minority-related challenges.

It's not a Minority Business Issue…it's a Bribe Issue

Some of the interviewees stated that the challenges they face have nothing to do with whether you are a minority owned business or a non-minority owned business, but rather it has more to do with whether you have the cash available to offer bribes to the buyers – only this they felt could help you win contracts, as the following comments illustrate:

'If I had a brown envelope and I handed the brown envelope over, I'd get the job. It doesn't matter what colour I am or where I come from or what my background is. If I said I can do the job and pssst! a nice little holiday to Barbados goes under the table then you know you are going to get the job. Then it's down to you then…do whatever you need to do and you need to fund whatever you can.'

Minority Contractor's Willingness to Engage with the System

During Document Three, the procurement directors interviewed stated that they have experienced problems in trying to find minority contractors who have the necessary accreditations and capacity in place. Given that this is a crucial and very relevant area, I explored this further during the field interviews and enquired into exactly what policies and accreditations the minority business owners had in place. The majority of the business owners spoke very confidently when asked whether they have everything in place that a large construction company might look for in a contractor. They all held the relevant accreditations required by their specialist areas, for example, NEIEC, Gas Safe, and so forth. However, when questioned on other areas such as quality procedures, and health and safety, there were not many comments they were able to make on this. Rather, it was seen as an 'unnecessary' time consuming and costly area to get into. So there was an unwillingness to engage with the system fully in this area as they did not really see its value, highlighting over and over again that if the bigger firms would just give them a chance to prove themselves they would see how good their work is - this particular belief was strong amongst all of the interviewees.

SUPPLIER DIVERSITY

This final section of analysis explores the minority business perspective on the specific issue of supplier diversity in the construction sector from various angles. It examines:

➢ How minority businesses get to find out about contract opportunities.

➢ The minority business experience of barriers to accessing contract opportunities.

➢ The minority business owners views on the measures which should be implemented to overcome any barriers.

➢ The minority business perspective on the business case for supplier diversity.

➢ The minority business perspective on what factors would drive supplier diversity in the industry.

➢ Implementing supplier diversity – the minority business perspective on key considerations for large construction companies.

➢ The possible role of intermediary organisations working on supplier diversity.

The aim of exploring these different 'parts' of the 'bigger picture' were to hopefully crystallise exactly what the exact nature of the issues are as seen through the world view of a minority business owner. It is argued that only by doing so, would stakeholders be enabled to be more 'effective' in the initiatives they design when tackling such issues as part of their agenda.

ACCESSING CONTRACT OPPORTUNITIES

Lack of Awareness of Where to look for Construction Contracts

The research revealed that there is a general lack of awareness and uncertainty amongst the minority business community of where and how to access contract opportunities with the larger construction companies. When questioned on how they go about looking for work with the larger firms, the following were the main methods adopted by the contractors:

> *Building Sites* – some contractors said they would go onto building sites where they see   work being carried out and try and speak with someone. However, they found this to be a waste of time as the work had already been started and the contractors already decided on.

> *Housing Association Lists* – only one of the interviewees commented that they were lucky enough to be on an approved list with a housing association. However, they commented that this still comes with its problems and is not guaranteed work.

> *Through architects* – some contractors commented they have a good working relationship with architects and find out about potential contracts from them.

> *Don't Know* – A number of contractors commented they do not have a clue how to go about looking for work with the larger construction companies and wouldn't know where to start. One reason for this in their view is due to the fact that the larger companies do not advertise about opportunities so minority contractors never get to hear about potential work.

> *Through word-of-mouth* – only one of the interviewees stated that he does not need to look for contracts because the larger companies are already aware of him as he has been established for over fifteen years now.

However, his secretary told me off the record that he used to work as a consultant for the larger construction companies, and this coupled with the fact that he is a senior figure at the local Sikh temple in Birmingham where he is well respected and knows a huge network of Asians who work for the council – so he gets to find out about forthcoming contracts through

his network of contacts and that is how he gets his foot through the door i.e. through people he knows.

An observation I made here is that whenever I interviewed any minority business owners who front their business with White employees and their workers were present there listening to the interview, the owners were as a result of this very 'cagey' about what they could reveal to me because they did not want to upset the status quo with their workers – this was the case for two of the contractors I interviewed.

Barriers to Contract Opportunities

The research evidence revealed that there are numerous barriers which inhibit the successful formation of buyer-minority supplier relationships, and demonstrate that much work remains to be done before the construction sector has any hope of achieving a better diversity record. Many of the barriers which emerged during this study were reported over a decade ago by researchers such as CITB and Royal Holloway London (1991), and Sodhi and Steele (2002). This is a significant and serious matter in that it demonstrates that efforts made by the industry thus far in the diversity arena have not really had a profound effect in re-shaping the sector's performance in this field. The following pages highlight the various barriers mentioned by interviewees over and over again, together with illustrations of the comments they made in relation to each of the hurdles.

Approved Contractors Lists – 'No Entry'

The problem arising from buyers 'not allowing' minority contractors onto their approved contractor lists, and their persistent use of the same suppliers (commonly referred to as the 'old boy's network) was highlighted by the interviewees frequently as a major barrier. All interviewees talked about the fact that the larger construction companies are unwilling to 'give them a try' because they perceive them as a risk amongst other factors. The perception amongst the interviewees was that it is even more difficult to access contract opportunities in the private sector compared to the public sectors due to the fact that it is easier 'to get away with it' in the private sector because they are not pressured by their stakeholders to drive diversity. This finding demonstrates that government intervention in the form of regulation does really work because it requires companies to take and demonstrate positive action, as in the public sector.

As a result of the difficulties, minority contractors stated they prefer to work for the public sector. Consolidation of the supplier base through the move by procurers to focus on partnering arrangements with contractors has also significantly impacted SME's further in their ability to 'reach' or access contract opportunities with the larger construction companies, and this includes minority businesses as illustrated by the following comments:

'There are moves that were driven through the treasury for public sector procurement
to move towards more efficient ways of procuring and by efficient they mean also centralising
work with fewer suppliers directly. Shift from directly contracting the small and medium sized
companies are causing massive problems within the market.'

Racism & Discrimination

The research evidence reveals alarmingly that racism and discrimination still prevails in the construction sector, despite efforts by the industry to address this. This was a factor which the majority of minority contractors stated was a huge obstacle which they felt they would never be able to overcome because 'things will never change', and so therefore had to develop strategies such as suppressing or hiding their identity to get around the hurdles. This was a feature reported by previous studies such as Harrison and Davies (1995), and at the time of writing this document in the year 2010 the research evidence demonstrates that these serious issues still remain and exist, or at least are perceived to exist by minority contractors in the construction sector.

Bribes in 'Brown Envelopes'

Recent reports have made national headlines in the news regarding wrong doings in the procurement practices of some of the UK's most renowned public and private sector organisations. For example, Stoke-on-Trent City Council were found guilty of misconduct in their procurement process with regards to tenders for demolition contracts. Despite these headlines, I was personally quite surprised to hear from interview-to-interview just how accepted and 'common knowledge' this is amongst the minority business community and that bribes actually are standard practice and do take place. One could argue that this is 'hear say', however, I was convinced beyond doubt when I met a director that confidentially confirmed to me that this is how he set up his business – this particular director is very 'friendly' with a councillor who works for one of the UK's largest cities and he has 'organised' internally a set-up to ensure his company automatically receives calls for jobs which need to be attended to.

'You can't deal with the big boys unless you throw around brown paper bags and that's the God's honest truth. I mean there was a big thing in the newspapers and it was in the press where Balfour Beatty and people like that were prosecuted because they were going to other people who were tendering for the jobs, getting their tenders and paying them off. We can't compete with that'.

Time taken from Tender to Winning a Contract

The lead time involved from engaging in talks with larger construction companies to the possible opportunity of winning work with the firm is seen as another 'turn off' by minority contractors. Minority contactors, being typically small in size, are not able to survive long periods without an income and so they focus on the residential market specifically serving the minority community where they tend to get a steady stream of work. This is also coupled with the fact that they do not have the resources to dedicate the time needed to try and identify how to contact the larger construction companies with a view to winning contracts from them.

Behind Closed Doors

Another frequently mentioned 'gripe' the interviewees had with the larger construction companies is that they never get to find out about contract opportunities, and the point at which they do find out is always too late because contractors have already been assigned to the job and have started carrying out the works. There was a desperate call out for clear and proactive communication from the buyers of larger construction companies about potential forthcoming work to allow minority businesses the chance to access such contracts. The view held was that buyers are not opening up their doors and minority contractors were convinced that if they just took the time to visit their premises and check out their capabilities they would see for themselves the potential minority contractors have to deliver.

'It's one of those where the industry is all…it's behind closed doors a lot of it. We don't get to see big contracts. We don't get to see the council builds. We don't get to see anything like that because they tender it out and the big boys just swallow everything up and we don't even get a look in. That's why a lot of the small builders, it's all private work. It's never corporate.'

'The Construction Industry will never Change'

There was a huge amount of disappointment amongst the interviewees who were convinced that no matter what initiatives the industry implements, the construction sector is never going to change. They were convinced that the obstacles are so huge and so embedded in the nature of how the sector works that no good will ever come from any initiatives for minority contractors and they held a firm belief in the fact that they will always be 'cornered' into a position where they have to figure out how to 'get around' the barriers to contract opportunities.

Contract Sizes

There was a call from the minority contractors for large construction firms to break their contracts up into 'manageable' sizes so that they were on a scale which allows for small businesses to compete and access the work. Given the resource constraints of SMEs which includes minority contractors, the business owners were more than confident they could deliver quality work at competitive prices given the chance, but it had to be for contract sizes that are more 'realistic' for their business to cope with. This was a serious factor which prevented the minority contractors interviewed from even thinking about approaching the larger construction firms because they felt there would be 'no point in even trying'.

'We can't compete with that sort of sized business. We can't compete with the hospitals, the railway stations and stuff like that. It's just way too big. I mean the biggest project I have at the moment is probably about £1.2 million. Anything above that with the constraints that the big contracts put on you, it's impossible for us to do it.'

Cannot compete with the Larger Contractors

The above issues surrounding the typical nature of SMEs leads to the problem that minority contractors are unable to compete with the larger contractors due to the resource constraints mentioned. The interviewees were of the view that a major barrier to large construction companies managing diversity in their supply chain is the fact that minority businesses generally are small and therefore cannot give the same level of discounted prices offered by the larger contractors.

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Not Knowing Who to Contact

All of the minority contractors interviewed for this study highlighted that they had no definite idea of how to go about contacting buyers for the larger construction companies. This was a real problem for them in that it was again another hurdle which deters them from making any serious efforts to access work with the larger construction companies. However, despite them not knowing where to look for contract opportunities, some of the business owners interviewed did admit that they could do more in terms of the effort they put in to try and find out who to contact. This factor was coupled with a further complication in that the majority of minority contractors expressed that they are not very computer literate, which may further hinder any possibilities of them being able to easily and speedily access the important information they need.

Lack of Experience

One of the interviewees highlighted that the lack of experience he has in working for larger constructions firms may be a factor which inhibits any chances of him winning work with them. This affected his confidence levels with regards to approaching the larger construction companies fearing they would not even consider him as a potential contractor despite the fact the he could meet their requirements.

Long Payment Periods

The payment cycle involved when working for large construction companies is not one which is 'SME friendly' shall we say, in that the time taken from completion of job to payment being made to the contractor is too long. Minority contractors emphasised that cash flow is a serious consideration for any business, and in these turbulent times where the country is suffering from the effects of the recession makes cash flow an all important consideration. Many of the interviewees stated that this factor made it very difficult for them to work with larger construction companies – one of the interviewees went as far as saying he will soon be forced to close his business down if the government does not intervene to help small businesses and larger construction companies really need to reduce the payment cycle as smaller businesses cannot function or survive under such stretching conditions.

'When you sign a minor works contract it's called a JCT contract and that contract stipulates four weekly evaluations and then two week payments. So you've got to fund

the build for six weeks straightaway - machinery, manpower, labour, materials and hire for health and safety and now-a-days you have to have hot water on site and stuff like that and some of the sites don't have electric and you could be paying up to £1000 a week for a power unit that can do that, so you have got to fund all that before you actually get anything in. How are we going to fund 90 days?'.

Stereotyping Minority Contractors as 'Cowboys'

A significant amount of frustration was expressed by all interviewees towards the construction sector tarnishing minority contractors with the same brush as 'cowboy' builders. Many business owners stated that this presents them with difficult barriers to overcome as they do not know how they can rid larger construction companies of these perceptions.

Just get given the 'Scraps'

The majority of interviewees felt that they are kept away from the more lucrative contracts and are 'just given the scraps' to do. This was hugely frustrating for them in that they were desperate for the chance to prove themselves to the larger constructions companies – prove that they can deliver value for money and quality work for the larger projects – but are just not given the opportunity to do so. Instead, they felt they were just given work by the bigger companies when they could not find any other contractors to do the less attractive jobs.

Costs of Working for Large Construction Companies – 'A Turn Off'

The costs associated with working for larger construction companies was a key contributory factor for why many minority contractors decided to focus purely on the residential market and steer away from working with the larger construction firms. They did not see any value in investing in the required policies simply because there was no guarantee that they would win the work even if they were to make the necessary investment. This was seen as a gamble, and a huge cost which they were not willing to make due to their perceptions of larger construction companies who they felt would not give them a chance anyway.

'We do a lot of private work. Contractors… we won't touch them because there are restrictions with the contractors. They ask for all the certificates and everything, safety and health. I have to spend too much money…I said no, forget it. I rather stick to smaller jobs… if I go and employ

more than five people then I'm going to find I've made a loss...I am not going to spend £100,000 on the machinery updating and all the costs for policies just for the sake of it. So I am keeping below five employees...purposely to avoid all the hassles and costs.'

No Slice of Government Funded Projects

From time-to-time, the government introduces various initiatives and grants aimed at changing consumer behaviour. For example, the recent 'Warmfront' initiative is one such example whereby certain individuals who meet specific criteria can apply for a grant to upgrade their central heating to a more efficient and environmentally friendly system. Obviously, contractors are required to carry out the necessary works for such cases, and it is these types of initiatives where the minority contractors stated they are not getting their fair share of the work. The interviewees stated that the government needs to be more responsible for ensuring all SMEs get access to a slice of the work and highlighted that they are being excluded from such opportunities.

'A pretty big problem is government grants where there's a company called EAGA... it's government run and the government give them the contract and customers can get anything up to £2700.00 off their heating system. The problems companies like us face are EAGA have set up independent companies and EAGA are making sure they are the only ones that can give out the £2700.00 vouchers and the smaller companies like ourselves...are only being offered the £300.00 voucher system and what they are saying to us is it takes you months and months to get onto the system but I don't know of any Asian engineer in Coventry who is on the £2700.00 voucher system...they are just waste. Now we have tried to get on to the £2700.00 voucher system but we just can't seem to get on it so lose the bigger value work.'

Language

For some of the business owners interviewed, and as the grammar shows in some of the quotations used as evidence throughout this document, the minority contractors have the specialist skills required however they feel their lack of confidence in speaking English holds them back from pursuing contract opportunities with the larger companies. For example, one of the minority contractors interviewed employs six full-time workers and has a well established building business. This particular contractor expressed he was desperate for some doors to open with the larger construction companies but his lack of confidence in speaking English holds him back – he needed the opportunity to move away from his dependency on the residential market

because the fact that he is VAT registered means that residential customers are put off employing his services and would rather avoid the rise in what they are quoted by paying an alternative contractor cash.

Minority Businesses have to Work Harder

All of the interviewees were convinced that minority contractors do have to work harder to prove themselves than non-minority owned businesses. There was a general feeling that there is no level playing field and this presented them with further obstacles to accessing contract opportunities with the larger construction companies.

'You know, it's kind of getting the initial break, getting the foot through the door and to say that we can play on the same field as everybody else, to the same standards as everybody else.'

These findings resonate with those highlighted by Caplan *et al*. (2009) who reported the same observations in a study of full-time employees working in the construction sector.

Large Construction Company Business Models Exclude Minority Contractors

The perception held amongst the majority of minority contractors in this study was that exclusionary contracting processes do exist and are common practice in the construction sector. This further signifies that the industry has some way to go before any real improvements can be made.

A summary illustration of all the areas detailed by minority contractors in relation to the barriers they encounter when trying to access contract opportunities which have unfolded through this research study is presented in Figure 8 to provide the reader with a 'picture' of the evidence gathered in this area.

Figure 8: Barriers to Accessing Contract opportunities with Large Construction Companies – The Minority Contract's Perspective

BARRIERS TO CONTRACT OPPORTUNITIES ENCOUNTERED BY MINORITY CONTRACTORS

Approved Contractor's Lists - 'No Entry'

Racism & Discrimination

Bribes in 'Brown Envelopes'

Lead Time taken from Tender to Winning Contract

Lack of Publicity about Contract Opportunities

Contract Sizes

Not knowing Who to Contact

Lack of Experience

Long Payment Periods

Stereotyping of Minority Contractors as 'Cowboys'

Minority Contractors cannot compete with Larger Contractors

Minority Contractors just get given the 'Scraps'

Costs of working for Large Construction Companies - A 'Turn Off'

No Slice of Government Funded Contracts

Language Barrier

Minority Contractors have to Work Harder than Non-minority owned Businesses

Large Construction company Business Models Exclude Minority Contractors

The Business Case for Supplier Diversity

The questions during the in-depth field interviews were also designed to explore whether minority contractors, through their view, perceive there to be any benefits which can be derived from large construction companies implementing supplier diversity, and if so, what is the nature of the perceived benefits? In addition to this, I investigated the reasons why minority contractors want large construction companies to implement supplier diversity. The following sections detail the key emerging themes which arose as a result of investigations into this area.

Why Large Construction Companies should Implement Supplier Diversity

Several reasons emerged for why minority contractors felt that large construction companies should implement supplier diversity. Their belief was that there is a firm business case for supplier diversity which can be argued for from a number of angles, as detailed below:

To Push Large Construction Companies to Engage with Minority Contractors

Minority contractors were convinced that unless large construction companies are pressured through government intervention to implement supplier diversity, they will continue to face the barriers to contract opportunities highlighted earlier in Figure 8. One interviewee commented:

> *'I think they should have to manage diversity because 99% of the time they won't even look at Asian companies unless they are told to.'*

'Minority Contractors work harder than Non-Minority owned Businesses'

The research evidence revealed that there is a strong belief held amongst the minority business community that minority contractors do work harder and offer more in terms of value for money than non-minority owned businesses because they are prepared to go 'the extra mile'. This was a recurring theme which emerged through the fieldwork, and was almost a repetitive and predictable outcome which came out of the interviews – again, this acted as a 'signal' for me as a researcher that I had reached 'saturation' point in terms of the outcomes of the in-depth interviews as advised by Given (2006).

Contribution to Local Economy

The business case for supplier diversity from the minority business owner's perspective also entails a firm belief in the role they play as a business and as an employer contributing to the development of the local economy and national economy. The following comments illustrating this point came from a minority business owner operating in the area of Leicester who employs twenty five workers:

'I am very confident that my product will be that good that we will be able to export it, very much so. It is going to be very beneficial for our company and very beneficial for Leicester itself, because hopefully we will be able to grow to such a huge size that we will be listed as one of the largest firms in Leicester. We would be helping out with the employment and looking after as many people as we can. It is going to be the most successful part of the whole thing to be honest.'

Minority business owners called for the larger construction companies to consider seriously the local communities in which they carry out work and were adamant that contracts should be awarded to businesses from the local area, rather than bringing in their own regional/national contractors. This was especially so for public sector work where they felt they were missing out on their fare share of the work. These findings resonate with studies conducted a few years back by Harrison and Davies (1995); CITB and Royal Holloway University London (1991); and Sodhi & Steele, (2002); and reveal that the same problems and issues are still rife years later despite them being recognised, showing that any efforts so far to address this have proved by and large futile. Other businesses expressed their frustration in not being given the chance to 'prove themselves' and demonstrate how they could produce savings in costs for the larger construction companies.

Large Construction Companies can demonstrate they are Socially Responsible

By implementing supplier diversity initiatives, larger construction companies can demonstrate that they are serious about their social responsibility towards SMEs and their commitment to engage more with the minority business community. Minority contractors believe that supplier diversity programmes will help larger construction companies to improve their company image, demonstrate they are socially responsible, and help them achieve competitive advantage for example, help them win contracts from public sector clients.

Cost Savings for Large Construction Companies

There exists a strong belief amongst the minority business community that they can save the larger construction companies costs through the competitive prices they offer compared to non-minority owned businesses. The interviewees were surprisingly very confident in their ability to cut costs for the larger construction firms and were desperate to be given the opportunity to prove their case.
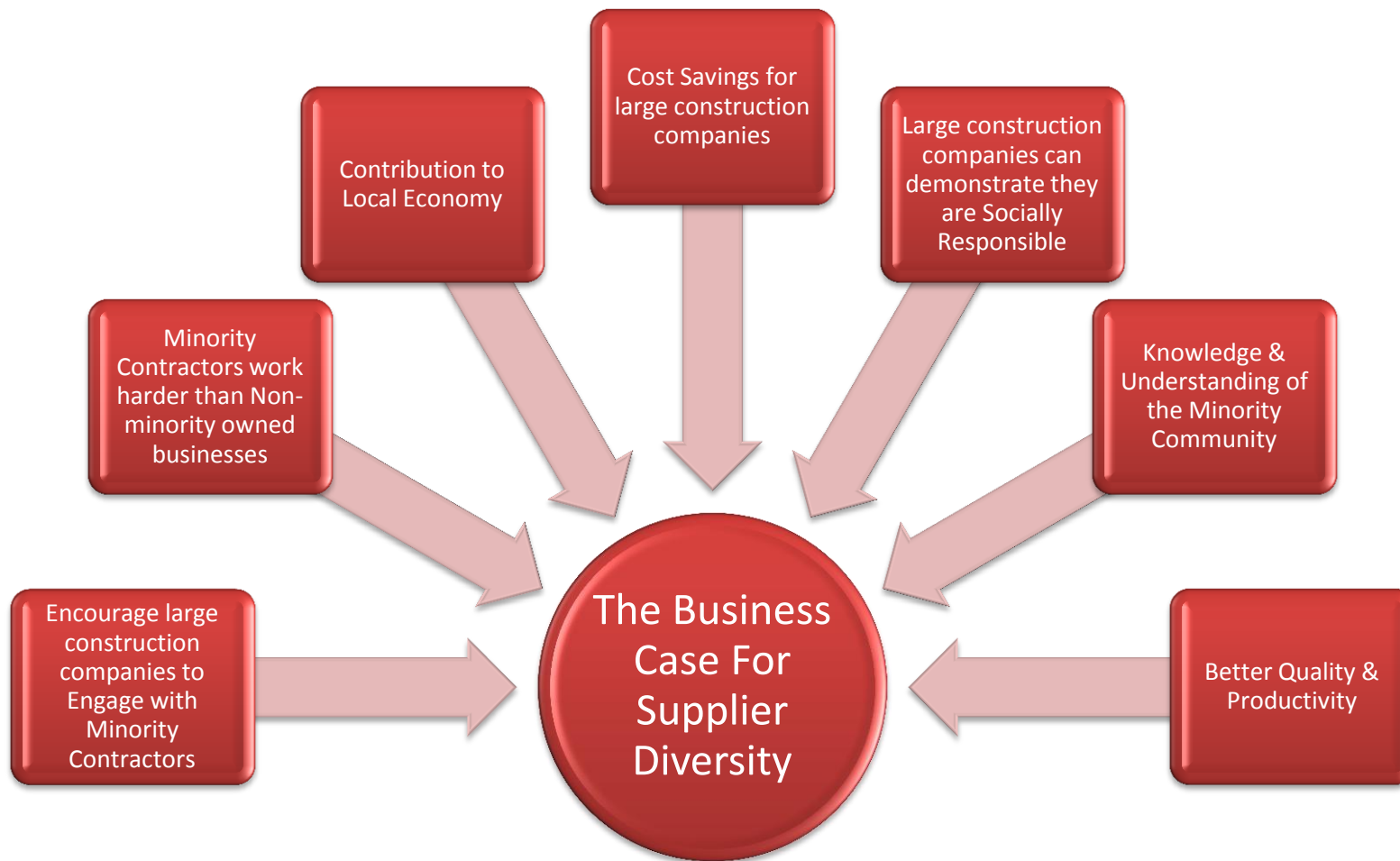
Knowledge & Understanding of the Minority Community

Through engaging more with minority contractors, it was highlighted that larger construction companies are able to gain more knowledge and understanding of the ethnic minority communities which they serve. This would prove particularly beneficial in the public sector where housing associations have to deal with ethnic minority tenants in social housing.

Better Quality & Productivity

All of the interviewees talked at length about how much harder minority contractors work compared with non-minority owned businesses. They emphasised that they can offer larger construction better productivity and quality given the chance.

The minority contractor's perspective on the business case for why supplier diversity initiatives should be implemented in the construction sector are illustrated in Figure 9. This is an important snapshot providing stakeholders who have a vested interest in this arena with an insight into the 'worldview' of the minority contractor, which may facilitate efforts by both sides to understand one another better and thereby achieve more positive outcomes on how they move forward.

Figure 9: The Business Case for Supplier Diversity – the Minority Contractor's Perspective

The Business Case For Supplier Diversity

- Cost Savings for large construction companies
- Contribution to Local Economy
- Large construction companies can demonstrate they are Socially Responsible
- Minority Contractors work harder than Non-minority owned businesses
- Knowledge & Understanding of the Minority Community
- Encourage large construction companies to Engage with Minority Contractors
- Better Quality & Productivity

Benefits of Supplier Diversity for the Demand and Supply Side

An alternative model has also been produced to illustrate the minority contractor's perspective on the business case for supplier diversity, only in this model the perceived benefits of supplier diversity are categorised into the perceived benefits for the demand side and the perceived benefits for the supply side. This alternative model is illustrated in Figure 10.

The benefits shown in Figure 9 resonate with some of the benefits of supplier diversity as argued for by researchers such as Holford *et* al. (2010) and Worthington (2009). There are also some benefits however which are especially unique and desirable to the construction sector given its poor reputation for diversity to date. For example, benefits such as meeting government and industry objectives such as those defined by the Equality and Human Rights Commission (2010) with regards to diversifying the contractor base in the industry, and moving away from their dependency on the residential market are particularly worthy of noting.

Figure 10: Benefits of Supplier Diversity for the Demand and Supply Side – The Minority Contractor's Perspective

SUPPLY SIDE BENEFITS

- Breakdown Barriers to Contract Opportunities
- Move Away from dependency on Residential Markets
- Allow Minority Contractors to Grow their Business
- Increase Awareness of Contract Opportunities
- Allow Minority Contractors to prove their Capabilities
- Allow Minority Contractors to access a fair share of the work available

DEMAND SIDE BENEFITS

- Support Local Economic Development
- Improve Knowledge of Diverse Markets
- Improved Image & Reputation of Construction Sector
- Access to a Wider Pool of Contractors
- Cost savings through competitive prices
- Better Quality & Productivity
- Helps Achieve Competitive Advantage
- Increase Diversity in Construction Sector & meet Government and Industry Objectives

Driving Supplier Diversity In The Construction Sector

- The Minority Business Perspective

The literature cited earlier in chapter five on how to manage diversity is by and large very 'surface level' if you like in that it covers this issue in broader terms. The minority contractors interviewed in this study however offer more 'practical' and 'specific' measures which they feel will actually help large construction companies to achieve more success in the diversity arena than historically has been done. This is an important point in that it offers large companies who are serious about making sound progress in managing diversity, practical measures which will help them to source from minority contractors and offers the supply side easier and open access to work with them.

There were some important and significant emerging themes which arose from this section of the interview material which will now be presented – these themes offer an insight into the minority contractor's perspective on what needs to be done/should be done, to help address the obstacles/hurdles experienced by minority businesses. It was especially at this juncture in the fieldwork, that I as a researcher, felt totally confident that I had reached 'saturation point' as advised by Given (2006) with my findings because repeatedly, interviewee after interviewee made the same comments and suggested the same solutions for measures which are required in the construction sector to move forward in a positive fashion. I had reached a point where I felt I have generated 'transferable data' as recommended by Given (2006) who states that transferable data generally occurs at the point of repetition (or "saturation") of themes, which typically occurs with around 15-18 participants.

Achieving Positive Supplier Diversity Results

THE ACTION REQUIRED

This section presents a very detailed outline of the minority contractor's perspective on the necessary areas of where action is required from the larger construction companies and government to drive supplier diversity in the construction sector. It is argued that the information contained within this section is an invaluable resource to stakeholders who have a vested interest in the diversity record of construction sector because it allows practitioners to incorporate the use of this information into the design and implementation of any new supplier diversity initiatives introduced by the industry, thereby ensuring they are targeted in their approach to tackling the previously highlighted challenges.

Communication, Communication, Communication

Of all of the necessary courses of action recommended by minority contractors, the most frequent emphasis was placed on the fact that they feel larger construction companies do not 'talk' to the minority business community and they do not make any effort to generate awareness of contract opportunities available to minority contractors. There was a call made over and over again by the minority businesses interviewed for more communication from the large construction companies so that they are given the chance to tender. Not knowing who to contact within the larger construction companies was also a major frustration for minority contractors, highlighting the need for more transparency in the procurement process, as the following comment illustrates:

'What would make it easier for me is a more informative website…if any of these large companies were actually doing any articles in any of the trade magazines and they were trying to attract companies like ourselves, just a small paragraph at the bottom to say this: if you are interested in dealing or supplying for this contract please contact'.

Advertising to the Minority Business Community

Minority contractors argued that effective communication about contract opportunities can be achieved through advertising directly to the minority business community. This, they said would at least allow them to identify potential work with the larger firms and give them a chance to tender. Not knowing what contract opportunities are available was a major obstacle for them, which they felt could easily be overcome through effective advertising to the minority community. This could be achieved for example, by advertising in magazines which target the ethnic minority community which currently many minority contractors use to advertise to the residential minority market (Appendix F provides some examples of these advertisements to illustrate the way minority contractors choose to advertise in their community magazines), and through the post – many interviewees said they prefer written communication as opposed to electronic mailings given their lack of computer skills.

Need for a Database of Minority Contractors

If buyers are genuinely serious that they cannot find minority contractors, then the interviewees stated there is a need for a database of minority contractors for all to access in the construction sector. Although, they did feel that the lack of 'visibility' of potential contractors is merely a poor excuse by larger construction companies on why supplier diversity is low. That said, as a researcher, I personally can relate to the comments made by procurement directors as I too found it extremely difficult to source and access minority contractors for this study. Given this factor, I do agree that a database of minority contractors is seriously needed for procurement professionals to access to aid them in their efforts to achieve diversity in the contractor base.

Reduce Length of Payment Cycle

The time taken by large construction companies to pay contractors for their work is clearly a serious issue for SMEs which includes minority contractors, and this certainly does put SMEs off from pursuing needed work with the larger firms. The very nature of SMEs means that they cannot survive lengthy periods without cash flow having to 'service' the contract out of their own pockets whilst waiting for payment to be made. A call was therefore made by minority contractors for larger construction companies to reduce the length of their payment periods and make them more 'SME-friendly'.

Supplier Diversity Initiatives should include Breaking down Contracts

For similar reasons as above, a call was made for contracts to be broken down into 'manageable' sizes that SMEs can cope with. In so doing, the chances of achieving supplier diversity would be increased by the construction sector as more minority contractors find they can handle the scope of work required to fulfil the contract.

Government Intervention

To really make supplier diversity happen in the construction sector, it is the view of minority contractors that government intervention is totally necessary and justly required. It is only then that larger construction companies will be 'forced' to take their responsibilities in this arena seriously and therefore dedicate the necessary resources required. There was also a suggestion by one interviewee that an independent body should be set up to govern the way contracts are awarded to secure SMEs against unfair practices taking place in the procurement procedures of the larger firms. One of the interviewees suggested that larger construction companies should be made to ensure a certain percentage of their contracting is awarded to minority contractors – a concept similar to that in the US and recently adopted by the London Olympics Authority.

Education & Training on Working with Large Construction Companies

The evidence presented in this study shows that there is a lack of awareness amongst the minority business community of where to look for and access contracts with the larger construction companies. It was therefore recommended by some interviewees that some form of education and training on how to go about accessing work with the larger construction companies would be extremely helpful to them.

Move Away from using the same Builders

Minority contractors feel that until buyers 'open' up their doors, the construction sector will be forever tarnished with a poor diversity record. There was emphasis placed on the annoying factor of the same builders being used for every contract, highlighting this presents minority contracts with zero chance of winning any potential work with the larger construction companies. It was therefore highlighted by all interviewees that for supplier diversity to be

achieved in the industry, buyers must open up their doors to the possibility of working with minority contractors.

Councils to Play a More Effective and Crucial Role

Many minority contractors argued that action for supplier diversity has to start at the very 'beginning' of the supply chain process i.e. when the larger construction companies submit their planning proposals to the local councils, and that councils have a very crucial role to play. Contractors stated that the council should be engaging with the minority business community at the very early stages of the planning process to generate awareness of potential contracts available, and that simply leaving it too late when contractors have already been assigned further isolates them from the contracting process.

'Just Give Us a Chance'

Every contractor I have interviewed to date has said that all they want is the larger construction companies 'to give them a chance' to prove themselves. They emphasised that if procurement managers took the time to visit them and see for themselves their company set-up and capabilities, the buyer's concerns about possible performance issues would be alleviated.

'They must interact with smaller businesses. If they do open days, seminars, come in and visit us, I mean have a look at where we work. Let's introduce ourselves to you; introduce yourself to us, you know, that would be one of the barrier breakers, which is probably one of the biggest and we could actually see somebody face-to-face and have a chat with somebody that is a decision-maker. Don't just give it to your site managers and let them carry on with it'.

Encourage Supplier Diversity amongst Tier 2 Level Contractors

Given the nature of SMEs and the contract sizes that they can comfortably handle, a number of the interviewees said that if the larger construction companies were to place pressure on tier 2 level contractors to engage more with minority contractors, this would further help drive supplier diversity in the sector.

Supplier Diversity has to be an Industry-wide Initiative

For supplier diversity to be successful, minority contractors argue that it has to be embraced as an industry-wide initiative to achieve real positive impact, and for this a database of minority contractors will be an essential component.

Lose Pre-conceptions of Minority Contractors

A major barrier highlighted earlier which minority contractors state is a further obstacle to them accessing contract opportunities is the perceptions buyers of larger companies hold of minority business owners. Minority contractors argue that is wholly unfair that they should be 'tarnished with the same brush as cowboy builders and that they should be taken more seriously as successful businesses. To achieve this, there was a call for large construction companies to lose their pre-conceptions about minority contractors – only by doing so could the 'doors be opened' to minority businesses engaging with buyers and therefore allowing supplier diversity to be successful in the construction sector.

Recruit Buyers from Minority Population

A key part of ensuring supplier diversity initiatives are successful in the industry as recommended by minority contractors in this study, is for the construction sector to recruit more buyers from the minority population i.e. more women and ethnic minority buyers. The interviewees felt that current buyers do not understand or have knowledge of minority communities and they are 'stuck in their old ways' of purchasing using existing networks and refusing to give new contractors a chance.

Lack of Awareness about Constructionline

A final point to note in this section is that not one single minority contractor interviewed had ever heard of Constructionline. Constructionline is a database set up for the public sector where contractors can register their details after going through a pre-qualification process. This is an issue which really needs to be addressed by the public sector, as creating more awareness about this database may encourage more minority contractors to register and therefore increase

their chances of accessing contract opportunities, which in turn will help achieve more diversity in the sector.

A MODEL FOR SUPPLIER DIVERSITY

In the UK Construction Housing Sector

Figure 11 presents a model for supplier diversity in the UK construction sector which is derived from the minority contractor's perspective on what practical measures need to be implemented for supplier diversity to really be successful in this industry. Of all the models presented as a result of the findings analysis, this illustration is probably one of the most crucial and significant outcomes of this research study for bodies such as the Construction Industry Council and the Equality and Human Rights Commission, who are working on their agenda to improve diversity in the sector. The reason being, that this is the first study in the UK which presents a model of supplier diversity for the construction sector from the minority contractor's perspective, highlighting ways in which the supply side clearly shout out exactly what, in their view, will make diversity happen.

This model therefore, provides diversity practitioners with an invaluable insight into the 'world view' of the supply side with regards to what measures would really make a difference to help them access potential contract opportunities. It also highlights that there is, from the minority contractor's perspective, a solid business case for supplier diversity in the construction sector.

Figure 11: Achieving Supplier Diversity - The Minority Business Perspective on the Action Required
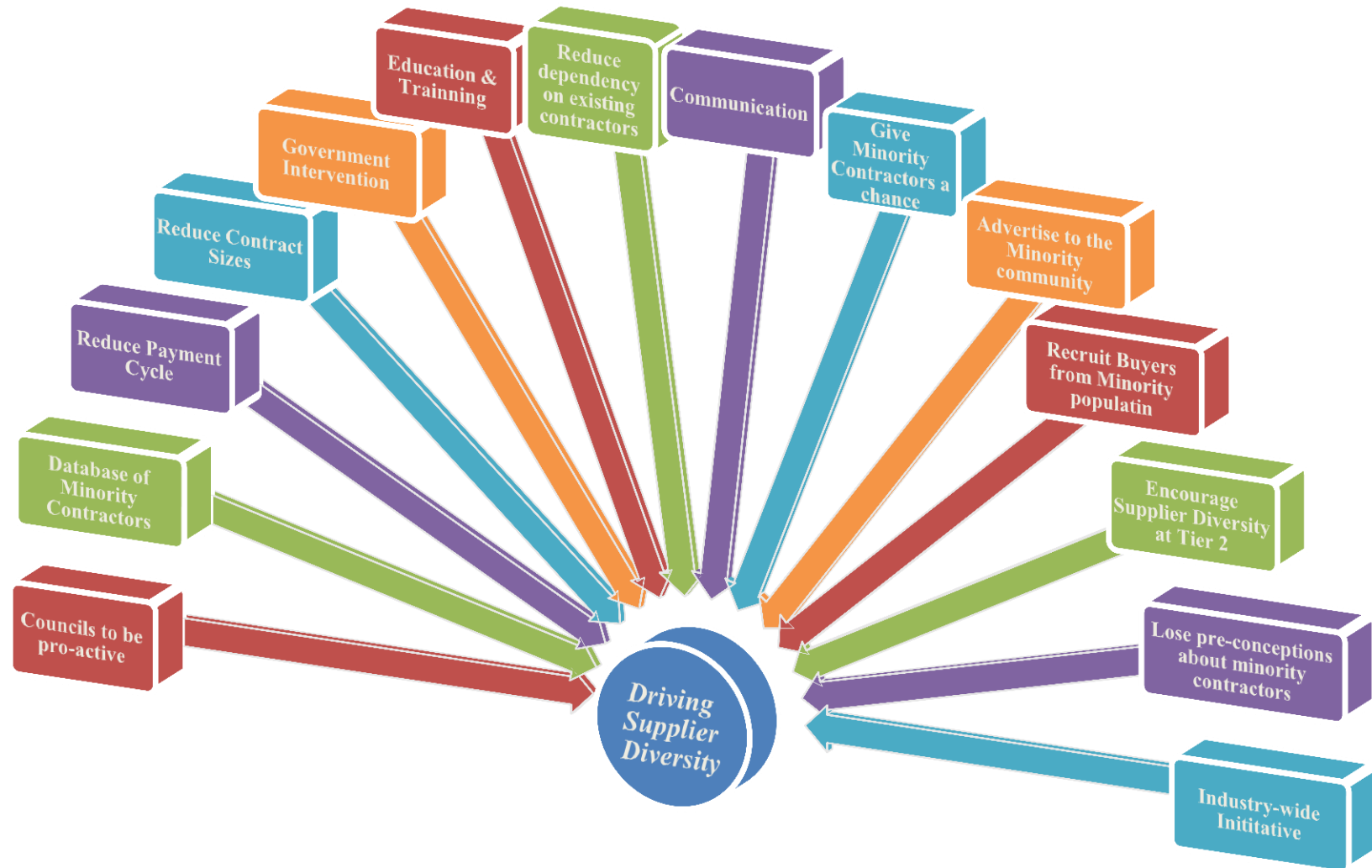
The Possible Role of Supplier Diversity Intermediary Organisations

This section explores the minority business perspective on the role of intermediary organisations who work on the supplier diversity agenda in the UK – this is an area which to date has not been investigated for the construction sector. Specifically, I was interested to investigate here whether minority business owners perceived there to be any benefits of having intermediary organisations such as Minority Supplier Development UK (MSDUK) and Supplier Diversity Europe (SDE) set up in the UK construction sector, and if so in what ways could they be useful to minority contractors?

The research evidence revealed mixed feelings on the possible role of intermediaries ranging from 'yes they could be helpful', to 'no they are a complete waste of time', although the majority of interviewees were in favour of the idea. The following sections detail the minority contractor's perspectives further on the possible role of intermediary organisations.

Minority Contractors in Favour of Supplier Diversity Intermediaries

➢ *Education & Training* - the research revealed that there is a role for supplier diversity intermediary organisations in the construction sector. Minority contractors highlighted that such organisations would be very useful to their business if the could deliver education and training on the following key areas:

1. Provide training and education to minority contractors on how to tender for work and complete the necessary paperwork.
2. Train minority contractors on how to identify contract opportunities and where to look.
3. Provide information regarding contract opportunities and help facilitate meetings with buyers for the larger construction companies.

> *Helpful in Early Stages of a Business Setting Up* - some contractors stated that an intermediary organisation would be especially helpful during the earlier years of setting up the business to help them get established, and for companies wishing to expand by helping them to identify new business opportunities.

> *To Improve Visibility of Minority Contractors* - if procurement directors are serious about the fact that capable minority businesses are difficult to find, then a supplier diversity intermediary could prove to be a possible solution to this in that it could offer this information to the larger construction companies by way of access to a credible database containing information on 'fit-to-supply' contractors.

> *A Bridge Linking Minority Contractors with Large Construction Companies* - the minority contractors interviewed liked the idea of 'Meet the Buyer' events of the kind organised by the likes of Supplier Diversity Europe (SDE), where contractors get to attend seminars arranged to link contractors with buyers. This they stated would enable them to overcome some of the major barriers which they currently face when trying to access contract opportunities.

Minority Contractors Against the use of Supplier Diversity Intermediaries

There were some interviewees who were against the use of intermediary organisations arguing that they should not be necessary for the following reasons highlighted:

> *Why should we be treated like we have 'Special Needs?'* - there was a degree of resentment felt by some contractors in that there was not in their view a level playing field, and they found it both disappointing and upsetting that they had to be treated as if they as business owners have 'special needs' when non-minority owned businesses do not have to resort to measures such as paying fees to obtain the help of intermediaries.

➢ *No Time to Attend Events* - there was only one interviewee that mentioned he has no time to attend events, so although this was not the majority consensus it must still be highlighted to give the research some balance in the varied views held. This contractor did however suggest that the intermediary could act as a representative for his business and put his name forward to buyers.

➢ *'It's just a PR Exercise'* - AJB Ltd was unique in that they had already had experience of being involved in a supplier diversity programme and were able to discuss what they thought with me. The owner was rather frustrated by the whole experience having taken time to prepare for and attend a seminar called 'Meet the Buyer' event, due to the fact that it all felt like a 'PR exercise' by the larger construction companies and felt that the buyer had no real intention of giving minority contractors who attended the event a contract opportunity.

➢ *Intermediaries cannot solve the Root Cause of the problem* - other businesses rejected the idea of intermediary organisations who work on the supplier diversity agenda, stating that it is not addressing the 'real' issue which rests with the larger construction companies. For example, the payment periods are too long for minority contractors – their businesses need to be paid sooner to be viable.

➢ *'Intermediaries are there for their own pockets'* - some businesses rejected the idea of intermediaries simply because they had lost faith in the whole idea of support organisations due to their perception that they are completely unhelpful to small business owners and only there to *'line their own pockets'*.

The majority of the minority business owners interviewed as part of this study were confident that if buyers for the large construction companies just took the time to visit their premises and inspect their set up for themselves, they would be very keen to do business with them. This reoccurring theme throughout the study suggests that there are 'capable' minority suppliers in the market and it is a case of buyers being able to seek them out.

There are lessons to be learned here. Carefully tailored supplier diversity programmes must have top management buy-in and should not be mere 'tick box' exercises

to help win contracts.   Implemented correctly, supplier diversity programmes could certainly help larger construction firms who are keen to address issues around diversity and inclusion to make positive in-roads and access quality minority contractors.

Paying for Membership of a Supplier Diversity Intermediary Organisation

Organisations such as Minority Supplier Development UK (MSDUK) do charge minority business members for the use of their service, however, this is usually at the point the business has been awarded a contract. Being curious to investigate how such a set-up might be received by the minority business community in the construction sector, I put this idea to the interviewees and asked their thoughts on whether they would pay to be members of such an organisation set up specifically to encourage supplier diversity in the construction sector. Again, mixed responses were received on this from those who would pay for the benefits to those that would not pay. Some interviewees just saw this simply as paying to be in competition with other minority contractors, but said they would pay if there were 'visible and real' benefits such as helping to kick-start their business, or represent their business and help them to win contracts. Other minority business owners dismissed the idea completely and felt strongly that it was extremely unfair that they have to do things that non-minority owned businesses do not face, as the following comments illustrate:

'I wouldn't like to pay for it because the thing is we should have that opportunity anyway.
We shouldn't have to pay for something that white firms don't have to pay for.
Why do we need to go out there and pay for information that should be supplied all
over the country anyway, like to every company?'

These 'mixed feelings' of being in favour or against the role of intermediaries resonate with comments made by Ram and Jones (2007) who reported that not all SMEs can be assumed to be alike when developing and delivering supplier diversity programmes. Ram and Jones (2007) made a crucial distinction between growth-orientated and survival-

orientated firms and highlighted that survival-orientated firms are likely to remain unmotivated to engage with any procurement support initiatives on offer.

The minority contractor's perspective on the possible role of a supplier diversity intermediary in the construction sector is illustrated in Figure 12 to provide a snapshot of the arguments for and against such an idea.

Figure 12: The Role of Supplier Diversity Intermediaries
Arguments For & Against

**ARGUMENTS
IN FAVOUR**

- Education & Training
- Help in early stages of business or expansion
- Improve Visibility of Minority Contractors
- Act as a Bridge linking Minority Contractors with Buyers

**ARGUMENTS
AGAINST**

- Minority contractors do not have 'Special Needs'
- No time to attend Events
- Does not address the Root Cause
- Intermediaries line their own pockets
- It's just a PR Exercise

DRIVING SUPPLIER DIVERSITY

The Role of Minority Contractors

I mentioned at the outset of Document Five that this study is not about focusing solely on what large construction companies could/should be doing and gave the analogy of a football team, in that it requires 'both sides to be playing on the field'. So, in this section I present evidence of what the minority contractor's say that they could be doing to help drive the supplier diversity agenda in the construction sector.

The evidence here is interesting and 'new' in that I have not read any literature to date which throws this issue back at the minority contractors and asks them what they could be doing to help drive the diversity agenda, yet this is a very important consideration as change will only happen if efforts are made by both the demand and the supply side. The following are actions highlighted by the minority contractors themselves which they admit they should be taking:

Find Time to Engage with Large Construction Companies

Some of the interviewees admitted that they are guilty themselves of not finding the time to research into potential contract opportunities with the larger construction companies because they find themselves busy chasing jobs in the residential market. Admittedly, they asserted they could make more effort in identifying new opportunities and reduce their dependency on the residential market, the question was however, how do they go about identifying contract opportunities?

Target Marketing to reach Large Construction Companies

Some of the interviewees identified the need for them to target marketing their services to the commercial and public sectors, which means moving away from their 'comfort zone' and dependency of advertising solely to minority residential customers (see Appendix G for examples). They recognised that there is a need for them to educate themselves on how to target their marketing activities to reach the larger construction companies and pursue potential opportunities.

Issue of diversity within Minority Businesses

Interestingly, there were some minority business owners who chose not to point the finger at the larger construction companies and highlighted that diversity within minority businesses is just as much of an issue. Some held the view that *'we need to diversify ourselves too'* and recognised that it is human nature to work with 'what you know and are comfortable with'. This theme emerged throughout the research study and certainly should not be ignored as this too is an issue. If diversity is going to be addressed and taken seriously in the construction sector, then it should be embraced by *all* and become inherent in the organisational practice and culture of all who operate in the industry.

On the other hand, the fact that minority businesses primarily employ minority contractors can also work as an advantage, as some of the interviewees argued. They pointed to the fact that it is not so much the larger construction companies that will increase supplier diversity in the construction sector because they do not employ minority businesses, but rather it is the medium-sized minority contractors that will increase supplier diversity because they are the main employers of minority contractors within their supply chains, as the following statements illustrate:

'We are doing the diversity thing. We are bringing in the smaller builders. I am bringing in the smaller subcontracted builders to do my jobs. Taylor Wimpey is not doing that. I mean you can walk on my site and they are all minority businesses. One man bands, guys with three guys, five guys, seven guys, eight guys, twelve guys. Now the brickie, if I needed more guys he can get them. So that's where we are doing it. They are not doing it.'

IMPLICATIONS OF RESEARCH FINDINGS

The research study for this DBA has investigated some important issues through a programme of in-depth interviews with both minority contractors and procurement directors for large construction companies. The research evidence presented has stimulated a discussion about some very sensitive yet serious issues and it is hoped it has crystallised and created greater awareness of the business case for supplier diversity in the construction sector.

The Business Case for Supplier Diversity – Benefits for Procurers

Through carrying out the research for this DBA, I have been able to produce two models for the business case for supplier diversity in the construction housing sector: the first model emerged following the completion of Document Three and shows the business case for procurers for large construction companies on why they seek to implement supplier diversity programmes (see Document Three). The study revealed that there is evidence of a business case for supplier diversity for companies that operate in the public sector of the construction housing industry (i.e. those companies whose main clients are public sector organisations), and in contrast there appeared to be no business case for companies operating in the private sector of this industry (i.e. those construction companies dealing mainly with the private sector).

A primary driver of corporate action in the construction industry appears to have been considerations of stakeholder management and social responsibility, with schemes promoting supplier diversity being presented as evidence of one facet of the organisation's attempts to engage more fully with the community in which it is based, from which it draws some of its resources and from which it derives part of its revenue. Acting in a more socially responsible way, in other words, has important links with and implications for the organisation's economic and commercial imperatives.

The data collected from the interviews with key personnel indicated that the larger construction companies whose customers are mainly public sector clients (e.g. housing associations) engage in supplier diversity initiatives mainly for reasons relating to gaining competitive advantage in the tendering process with their clients. In contrast, companies

that operate in the private sector had no such drivers to implement supplier diversity initiatives, and had no initiatives of this nature in place. It would therefore appear that those construction companies that do have supplier diversity initiatives in place, do so as reactive attempts to palliate pressure groups and to help them win contracts from the public sector.

The Business Case for Supplier Diversity – Benefits for Minority Contractors

From the minority contractor's point of view however, the business case for supplier diversity is somewhat different and perhaps far more compelling in terms of the significant number of barriers and obstacles faced by these SMEs, which a positive action scheme such as supplier diversity could address. The research evidence has shown that from the minority contractor's perspective, supplier diversity offers a number of significant benefits which include the following:

- ❖ Large construction companies can demonstrate they are socially responsible.
- ❖ Minority contractors believe they are more competitive than non-minority owned businesses with their pricing, and therefore offer cost savings.
- ❖ Supplier diversity programmes will push buyers to engage more with the minority business community.
- ❖ Minority contractors believe they work harder than non-minority businesses and therefore offer increased productivity.
- ❖ Large construction companies gain more knowledge of the minority communities and therefore can be more effective in the marketplace.
- ❖ Minority contractors contribute significantly to the local economy.
- ❖ Larger construction companies, have a duty to ensure a level playing field exists for all.

'Let's get real about the Issues'

It has transpired through this research study that it is not totally the case that minority businesses are being 'socially excluded' as indicated by previous research. The research findings revealed that there is a large proportion of minority business owners operating in the construction housing sector that choose to exclude themselves from accessing contract opportunities with the larger construction companies – what I refer to in this study as an example of 'self exclusion'. There are however, a number of factors/reasons which contribute towards this decision made by minority business owners to 'opt-out' and exclude themselves from working with the larger firms and these issues need to be addressed by the industry. Such factors include:

- ❖ The costs associated with dealing with larger companies.
- ❖ Contract sizes.
- ❖ Image and reputation of the construction sector.
- ❖ Racial discrimination still prevails in the construction industry.
- ❖ Length of payment cycles.
- ❖ Lack of government assistance.
- ❖ Lack of awareness amongst minority contractors on how to contact buyers.
- ❖ Language barrier.
- ❖ The belief that there is no level playing field for minority contractors.

This could be one explanation for why buyers for large constructions companies, such as the directors interviewed during Document Three, report that their view is that it is hard to find qualified and capable minority businesses, and as the directors for Lovell Homes East Midlands and Frank Haslam Milan told me: *"there are not many out there".* The reason behind this could be that there is a large proportion of what already is a small percentage of minority contractors operating in the industry, who choose to exclude themselves from making the required efforts to access contract opportunities with the larger firms. Thereby illuminating further reasons why the diversity record of the construction sector has been reported by many as being 'poor'

RECOMMENDATIONS

Based on both the minority contractor's and procurers perspectives of the business case for supplier diversity in the construction housing sector, I suggest that supplier diversity programmes can certainly go some way to help address some of the issues and barriers to contract opportunities unveiled as a result of the research evidence. In particular, a well designed and successful supplier diversity initiative can help overcome much of the negative results outlined in this study which includes addressing the following:

❖ Improve industry image in relation to diversity and send out the right 'signals' to the minority business community.

❖ Enables procurement directors for large construction companies to demonstrate they are serious and willing to engage with minority contractors. But large construction companies would have to approach this in a 'serious' manner with a view to achieving results i.e. not to use it merely as a PR exercise.

❖ A database of minority contractors will allow for clearer 'visibility' of qualified minority contractors thereby making the search easier for buyers.

❖ Focuses large construction companies to measure their progress by starting a baseline study and measure their performance in terms of number of minority contractors employed and amount of spend with minority contractors.

❖ By recruiting buyers from the minority population, may help overcome language barriers. This will also have the benefit of helping to diversify further the industry's workforce.

❖ Will enable more effective and increased communication regarding contract opportunities, which addresses the current lack of awareness minority contractors state is a huge barrier.

❖ Education and training offered through effective supplier diversity programmes will enable minority contractors to become more aware and equip them with the know-how on effective tendering and identification of opportunities.

❖ Large construction companies will be able to select from a larger pool of contractors thereby increasing their competitive advantage.

❖ Supplier diversity enables 'doors to be opened' for minority contractors by inviting them to engage more with the larger construction companies.

❖ Encouraging Tier 2 level contractors to implement supplier diversity further strengthens the industry's action response to the diversity agenda.

To achieve this, large construction companies would need to plan strategically for supplier diversity, which would include: producing a supplier diversity policy; senior management support; a designated person dealing specifically with supplier diversity; and a review of procurement policies, procedures and practices.

I would suggest here that what we are actually faced with is an issue about communicating and educating buyers of the potential business benefits of supplier diversity. I would also suggest that if one can demonstrate the business case for managing diversity in the supplier base to the construction sector, and actually show them how supplier diversity programmes might help them achieve this, only then might individuals responsible for procurement be more likely to take the notion of supplier diversity seriously in terms of going as far as investing the necessary resources required to implement a successful supplier diversity programme within their respective organisation.

Notwithstanding this however, in looking beyond the business case, industry leaders and diversity practitioners, might do better to recognise that while there is no reason to believe diversity will naturally translate into better or worse results, diversity is both a labour market imperative and societal expectation. Therefore, managers for the larger construction companies might do better to focus on building an organisational culture, procurement practices, and the managerial and group process skills needed to translate diversity into positive organisational, group, and individual results.

Chapter 8

CONCLUSIONS

In truth, identifying and developing a qualified diverse contractor base remains an enormous challenge for large construction companies. However, this research study into the business case for supplier diversity demonstrates that real progress can be made in the diversity record of the construction sector through the development of proactive, focussed and dynamic supplier diversity programmes. For many companies in other sectors and countries such as the US who have progressive and successful supplier diversity programmes, the persistent hypothesis is that supplier diversity is no longer simply a function of social responsibility, but an innovative pathway to true competitive advantage.

The notion of supplier diversity is a relatively new phenomenon in the UK, which is an opportunity I recommend the construction sector should embrace. The most recent studies have highlighted that all other diversity initiatives introduced by the construction sector over the last ten years have largely proved futile. My argument here having researched extensively into this field, is that it is now time for a change in the approaches adopted to achieving diversity in the construction sector. It is time for the construction sector to try something 'new', something which in the US has been tried and tested, and something which some of the largest corporations in the UK have already implemented as part of their strategic plans to remain competitive, for example: Goldman Sachs, CitiGroup, Corporate Express, Lovell East Midlands, Environment Agency, British Telecom, and Frank Haslam Milan, to mention a few).

Given the construction sector is the UK's second largest sector, it would be as good as 'lazy' for want of a better word for the industry to ignore the benefits which supplier diversity programmes present. In my view, this is a positive action initiative which is long overdue and should be embraced as an industry-wide initiative that is exciting and a refreshing new change to the old and perhaps tired practices that the industry has adopted thus far and which have made no significant impact. Supplier diversity programmes are more targeted in their approach, require top-management buy-in with the necessary

resources allocated, require monitoring, and provide a focused approach to tackling the issue of supplier diversity in the construction sector direct at its roots.

Theoretical Contribution

At the outset of Document Five, I stated I will be exploring the following:

How can the two parties (i.e. buyers and minority businesses) be brought together? That is, how do we bridge the gap full of impediments and transfer this to a business relationship?

Six distinct and important new models have emerged following the analysis of the research evidence. These new models highlight the theoretical contribution made by this research study as follows:

1. A 'Model of Exclusion' as presented in Figure 7 which reflects the minority contractor's perspective on the exclusionary processes which they perceive exist within their operating environment. Given the increasing importance and attention placed by government bodies such as the Equality and Human Rights Commission, and the Construction Industry Council, to address the issue of social exclusion in relation to the inclusion of minority contractors in the construction sector, this model is important because it allows interested stakeholders to understand what social exclusion actually means to minority business owners, how it actually affects them, and how they respond to exclusion as business owners. The research evidence also revealed that there is an element of 'self exclusion' taking place, albeit due to certain factors. These are important findings because if interested stakeholders are keen to find ways to address this, then it is important that they understand the 'real' nature of the problem which will then allow policymaking to be more targeted in its approach.

2. A model highlighting the barriers minority contractors perceive to exist as illustrated in Figure 8. The research evidence revealed that there are numerous barriers which inhibit the successful formation of buyer-minority supplier relationships, and demonstrate that much work remains to be done before the construction sector has any hope of achieving a better diversity record. Some of the barriers which emerged during this study were reported over a decade ago. This is a significant and serious matter in that it demonstrates that efforts made by the industry thus far in the diversity arena have not really had a profound effect in re-shaping the sector's performance in this field.

3. A model which represents the minority contractor's perspective on the business case for why supplier diversity initiatives should be an industry-wide initiative, as illustrated in Figure 9. This is an important model providing stakeholders who have a vested interest in this arena with an insight into the 'worldview' of the minority contractor, which may facilitate efforts by both sides to understand one another better and thereby achieve more positive outcomes on how they move forward.

4. A model which highlights the benefits of supplier diversity from the minority business perspective for both the demand side and the supply side, as illustrated in Figure 10. This alternative model has been produced to illustrate the minority contractor's perspective on the business case for supplier diversity, categorised into the perceived benefits for the demand side and the perceived benefits for the supply side. There are some benefits which are especially unique and desirable to the construction sector given its poor reputation for diversity to date. For example, benefits such as meeting government and industry objectives such as those defined by the Equality and Human Rights Commission (2010) with regards to diversifying the contractor base in the industry, and moving away from their dependency on the residential market are particularly worthy of noting.

5. A model highlighting what practical measures minority contractors state should be implemented as part of a supplier diversity programme in order for real positive change to take place, as illustrated in Figure 11. This illustration highlights a model for supplier diversity in the UK construction sector which is derived from the minority contractor's perspective on what practical measures need to be implemented for supplier diversity to really be successful in this industry. Of all the models presented as a result of the findings analysis, this illustration is probably one of the most crucial and significant outcomes of this research study for bodies such as the Construction Industry Council and the Equality and Human Rights Commission, who are working on their agenda to improve diversity in the sector. The reason being, that this is the first study in the UK which presents a model of supplier diversity for the construction sector from the minority contractor's perspective, highlighting ways in which the supply side clearly shout out exactly what, in their view, will make diversity happen.

6. A model highlighting the possible role of supplier diversity intermediary organisations as seen by minority contractors, illustrated in Figure 12. The minority business perspective on the arguments for and against the role of intermediary organisations who work on the supplier diversity agenda in the UK is an area which to date has not been investigated for the construction sector. Therefore, the contribution this model makes to theory in this field is absolutely new and a valuable source of information for intermediary organisations who may use this to ensure they are continually 'customer focussed' in their strategic operations.

These are important new findings in that they offer governmental agencies and large firms operating in the construction sector who have a vested interest in the supplier diversity agenda, direct input from the minority contractors on their recommendations of what the key components are which a successful supplier diversity initiative should comprise. In this respect, this research study is unique and especially desirable and has added new knowledge to the field of supplier diversity in the UK construction sector.

Previous researchers have placed much of the 'fault' or onus on the larger construction companies, for example, Harrison and Davies (1995), and Sodhi & Steele (2002) point to the failings within housing associations. Although I agree with their findings, the findings of this study add further dimensions to what has already been reported and I argue here for a more 'life-like' view on what the 'real picture' actually is, in that I do not believe the 'blame' for possible market failure lies with the demand side alone – there is a degree of responsibility the supply side has to take to rectify current conditions and drive diversity, and this is something that the minority contractors in this study admitted themselves. Within the recent business environment, where the construction industry has been one of the worst hit victims of the now infamously known 'Credit Crunch', businesses have been forced to look at all potential sources of surviving these turbulent times and remaining competitive - this includes working with small and/or minority-owned businesses. However, large construction companies can only consider minority businesses as a viable long-term source if the minority contractor is (or has the potential and the desire to become) competitive.

Several implications regarding industry policy and both corporate and minority business strategy have emerged following this research. Foremost of the industry policy implications is the fact that policy makers for the industry should develop a new focus that is based on a better understanding of the actual status of buyer-minority business relationships. It is suggested that a better understanding of the impediments which currently exist will aid this process.

Despite the attractive opportunities that supplier diversity can introduce, both large construction companies and minority businesses operating as contractors face challenges in turning opportunity into mutual business advantage.

For large construction companies, leveraging supplier diversity for corporate performance may be more difficult than it would first appear. Firstly, there is the challenge of finding quality minority businesses that can fulfil both the capacity and accreditation requirements of the larger construction firms. Secondly, it would appear that diversifying the contractor base seems to contradict recent industry trends where the construction sector has been driven towards adopting a partnering ethos in their procurement activities. Thirdly, there is the issue of resourcing supplier diversity initiatives. Given that supplier diversity is a fairly new notion to the UK, directors and buyers for large construction companies would have to be convinced on the business case for supplier diversity for them to give it serious consideration and 'full' implementation. Regardless of the motivation to diversify the contractor base, unless the strategy is successfully implemented to positively contribute to a firm's performance, it will become unsustainable. So, this would require a clear assessment of the contribution of supplier diversity to the company performance which would have to be positive for it to be pursued seriously, together with internal support for the leaders of such firms for the programmes to create a supportive culture and sustained commitment to the idea. Fourthly, a real grey area for willing and capable minority contractors is the issue of knowing where to look for contract opportunities and identifying who the relevant contact is. Large construction companies who are serious about making their supplier diversity programmes work might want to consider advertising through mediums which minority businesses get to see easily, for example, in their community magazines, and on temple notice boards. As one minority business owner stated, *"being a Sikh I don't drink and don't go to the pub….yet that's where my mates get to find out about contract opportunities through having a drink with the right contacts…so that's a barrier for me right there'*. This might go some way towards tackling the persistent complaint and perception held by minority contractors that larger UK construction companies practice in a discriminatory manner as well as creating societal barriers. This includes tackling perceptions held regarding the 'old boys network' in the industry, and the view of many minority business owners that the whole bidding process lacks transparency and is open to abuse and discretion with 'bribes in brown envelopes' believed to be common place.

Equally so, there are challenges for minority business owners who are serious about their attempts to secure business opportunities with the larger construction companies.

Firstly, one important characteristic of the relationship between buyers and minority businesses is that the majority of minority contractors tend to be small. Therefore, at their core, the relationships between buyers and minority businesses are such that they are unequal partners. As the relationship is conceived as relational, long term issues such as trust and cooperation become important and affect the dynamics of the relationship. For some minority contractors, due to the perception they have of the image and reputation of the industry as one which is difficult for ethnic minorities and women to access, there is a lack of trust there before any relationship has even been given a chance. Rather than going with and believing their perceptions of the industry, rather, it would be wiser for such businesses to make serious efforts to access work with the larger companies to see how they get on, and then they have something 'solid' to base their opinions on.

Secondly, minority businesses who exclude themselves from contract opportunities based on their perceptions of the image of the industry may perhaps be losing out on potential work which they might have won given the required attempts to win contracts. Thirdly, another element of self exclusion is the minority business owner choosing not to invest in gaining the relevant accreditations required by the larger firms, due to the fact that they feel it is too costly for them and does not guarantee they will win new contract work. This coupled with the fact that many minority business owners choose to stay small and employ no more than three people to avoid the costs of expansion will not help drive supplier diversity in the industry. However, a possible way around this is for such minority businesses to work at tier three level so they get access to a proportion of the larger contracts by working as sub-contractors to the tier two level contractors.

Finally, those minority businesses who feel they do have the capability and quality required by the larger construction firms could help drive supplier diversity in the industry further by marketing themselves to the larger firms and making themselves 'more visible'. Many of the minority businesses interviewed tended to advertise in their own community magazines (see Appendix G) targeting their own community which tends to predominantly mean they obtain residential work with Asian customers – this clearly is not going to help them fulfil their aspirations of broadening their customer base to include larger construction companies, so they need to start thinking about assigning the necessary time and resources required to meet their strategic objectives. One of the possible ways in which this could be achieved is by using intermediary organisations and web portals such as Constructionline,

Supplier Development UK (SDE), and Minority Supplier Development UK (MSDUK). Such an option could be used to facilitate information sharing in both directions – minority businesses could publicise their capabilities in a single location (i.e. by becoming members of organisations such as Supplier Development Europe, Minority Supplier Development UK, and registering on Constructionline), reducing the cost to large firms of finding minority businesses, and large firms could post their purchasing requirements, making it easier for minority businesses to identify potential contracts. This information sharing would be performed electronically through the relevant intermediary organisation's database. As reported by Carter *et al.* (1999), purchasing managers are increasingly coming to accept that such programmes can have positive spin-offs that go beyond just window dressing for public relations purposes.

Chapter 9

FURTHER RESEARCH

Paving the way for Future Research

The research study for this DBA has investigated some important issues through a programme of in-depth interviews with both minority contractors and procurement directors for large construction companies. It is hoped that the research evidence presented will stimulate greater awareness of the business case for supplier diversity in the construction sector, and perhaps pave the way for some larger scale investigations by governmental agencies themselves.

In particular, an action research type study would be especially useful to test the potential for supplier diversity initiatives in the construction sector. By trialling a carefully tailored supplier diversity programme with a number of large construction companies and minority contractors, further research and evidence could prove invaluable to help diversity practitioners make sound progress in this field – especially given the fact that the sector is crying out for real solutions to this long standing issue.

There is also a need for additional research and information on the following:

- ❖ How to remove and protect the construction sector against the alleged current 'bribe' culture which is said to exist.
- ❖ The development of a minority contractor database.
- ❖ How to monitor the way contracts are awarded in both the public and private sectors.
- ❖ Practical strategies to educate the private and public sectors on the business case for supplier diversity and drive its implementation.
- ❖ Further research on how to generate increased awareness about contract opportunities to the minority business community.

Chapter 10

REFLECTIVE CRITIQUE

Limitations of the Research

This paper describes an in-depth interview study methodology. As such the constraints associated with such an approach need to be recognised. Whilst every attempt had been made to ensure methodological rigour in undertaking this approach, the nature of qualitative research is such that the researcher may have some influence on the data collection and analysis. Strict adherence to analytical procedure and interview protocol were used to minimise the potential impact of this.

Overall, the qualitative nature of this research allowed some new insights about an important, yet not fully understood topic, to emerge. A critique of this research study may be that the findings are not generalisable because there are too few subjects. However, the aim of the study was to obtain general knowledge, by focussing on a few intensive interview studies. Given that there is no study to date in the UK which specifically examines the minority business perspective on the business case for supplier diversity in

the construction housing sector, I chose to focus on a smaller number of more intense in-depth interviews in order to 'open' the inquiry up as a first study which might then lead on to further studies by researchers in this field – so the aim with this study was to gather 'richness' in data and obtain the specific knowledge required on the minority business perspective which will help shape and continue the debate for future research. Quantitatively, each interview contains an immense number of quotations from the individual minority businesses, and qualitatively, the focus on individual minority contractors made it possible to investigate in detail the relationship of the specific behaviour of these businesses to the context of this study, to work out the logic of the individual businesses and the situation.

In addition to the above, there was also the crucial issue of the availability of resources to consider. The main considerations being:

1. Time and Money – the time I had available for the study, and most significantly the money which was available to cover the costs of transcribing the interview transcripts, and travel costs to and from the interviewee's premises;

2. Quality versus Quantity – rather than designing the study on a quantitative presupposition – the more interviews the more scientific, I chose to adopt an emphasises on quality rather than quantity;

3. Sourcing 'visible' minority contractors available for interview was a real challenge;

4. Expertise – conducting interviews on a larger scale than my own time allowed would require an assistant to be hired to conduct some of the interviews for me in which case intensive training of the 'new' assistant would be required to obtain interviews of good quality. Both the financial and time constraints would not allow for this to be possible. Given that I already possess extensive experience of carrying out in-depth interviews, at least I could be sure that the interviews would be of good quality and carried out with the end goal in mind.

In an ideal setting, although the interviews carried out provided a wide geographical spread, I would have liked to have carried out more interviews to identify if there are any regional variations in the emerging themes. However, given the resource constraints, coupled with the extreme difficulties encountered in trying to source visible minority contractors this was not possible.

My Biography

Finally, I mentioned earlier in this document the importance of recognising how my biography might shape my interpretation of the data. This is an important issue for consideration. But what is equally important is how my presence as the interviewer may have affected the responses I received to my questions.

I was given wise words of caution by my supervisors during the time was carrying out research for Document three on areas I should be aware of that may affect the way the interviews go. Although, I may have been aware of such issues on a sub-conscious level, I really felt the 'existence' of these considerations during the interviews.

To elaborate and provide examples of this: given that I was inquiring about issues of diversity, I was conscious that my ethnicity may affect the responses to my questions. When interviewing the directors of the large construction companies during the production of Document Three, I felt that my ethnicity was working to my disadvantage for the simple reason that the respondents may have felt that they have to be careful how they respond to my questions because the issue may be seen as one which I am sensitive about. Clearly, I am not and was keen to ensure that the respondents felt comfortable enough to tell me anything – to speak honestly about their world view. I tried to overcome this 'barrier' by building rapport with the respondents. During the production of Document Five however, my ethnicity seemed to work to my advantage when I was interviewing the minority business owners - I felt that the interviewees were at ease to tell me whatever came to their mind because perhaps they felt that I may have encountered similar experiences.

Finally, I think what did help me to gain access to these respondents and achieve the duration of interviews that I did with them, was the fact that I am female – and this again is something one of my supervisors warned me about when he highlighted that the

construction industry is still dominated by the male population, and so therefore they may welcome being interviewed by a young female. I must confess, I hope this same advantage stays with me in the future for when I am hoping to carry out further research and consultancy work in the sector.

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APPENDIX

APPENDIX A

Activity of Private Contractors in the Construction Sector by:

1. **Number of Firms & Size of Firm**
2. **By Trade of Firm**
3. **By region of Registration**
4. **By Number of Firms and Size and Trade of Firm**

Table 1: Private Contractors by Number of Firms & Size of Firm

Source: Office for National Statistics (2009)

Great Britain

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
(a) By size of firm (by number employed)												
1	86,269	87,837	88,018	87,712	77,926	71,431	70,370	71,620	73,117	71,960	74,325	78,826
2-3	47,644	47,918	49,350	48,773	50,653	50,306	53,022	55,027	57,320	58,910	60,313	62,910
4-7	15,737	16,391	16,969	16,584	22,455	23,963	25,704	26,865	28,435	30,375	31,814	33,594
8-13	3,787	3,988	4,148	3,790	8,044	9,819	10,508	10,982	11,599	12,230	12,669	13,459
14-24	3,101	3,274	3,271	3,104	4,920	5,427	5,892	6,161	6,341	6,656	6,860	7,102
25-34	1,176	1,201	1,332	1,201	1,782	1,809	1,932	1,985	2,037	2,056	2,128	2,262
35-59	1,156	1,263	1,188	1,109	999	1,782	1,821	1,906	1,928	2,034	2,129	2,211
60-79	396	419	397	364	354	457	583	550	573	583	597	647
80-114	296	319	304	271	304	425	451	464	469	467	490	511
115-299	381	405	379	341	433	520	535	560	556	562	595	602
300-599	107	125	105	91	129	123	135	148	148	148	154	164
600-1,199	60	56	58	51	68	62	75	75	65	72	65	60
1,200 and over	38	40	42	35	56	57	64	60	56	54	60	59
All firms	**160,148**	**163,236**	**165,561**	**163,426**	**168,123**	**166,181**	**171,092**	**176,403**	**182,644**	**186,107**	**192,199**	**202,407**

Table 2: Private Contractors by Trade of Firm

Source: Office for National Statistics (2009)

By trade of firm	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Non-residential building	..	..	..	..	33,197	26,201	19,857	16,893	15,729	14,022	12,942	11,850
Housebuilding	..	..	..	..	9,332	13,462	19,015	20,947	22,206	24,482	26,502	29,050
Civil engineering	..	..	..	..	14,851	14,380	9,948	8,120	7,771	7,187	6,963	6,861
Total main trades	**63,579**	**63,550**	**60,858**	**59,708**	**57,381**	**54,043**	**48,821**	**45,960**	**45,706**	**45,690**	**46,407**	**47,761**
Constructional engineers	1,002	864	1,042	1,105	..	..	..	..	..	..	..	..
Demolition	750	793	1,021	855	1,076	1,137	1,113	1,090	1,093	1,092	1,164	1,430
Reinforced concrete specialists	357	321	351	263	..	..	..	..	..	..	..	
Test drilling and boring	..	..	..	..	138	182	185	192	190	207	236	247
Roofing	5,374	5,599	5,636	6,310	5,985	6,252	6,664	6,886	7,086	7,186	7,406	7,884
Asphalt and tar sprayers	772	711	584	845	..	..	..	..	..	..	..	..
Construction of highways	..	..	..	..	1,568	1,640	1,812	2,147	2,349	2,485	2,650	2,639
Construction of water projects	..	..	..	..	308	341	246	244	252	261	263	290
Scaffolding	1,112	1,009	1,262	1,555	1,037	1,194	1,512	1,614	1,741	1,885	1,928	2,161
Installation of electrical wiring and fitting	19,077	19,385	19,036	18,426	20,132	20,424	21,953	23,251	24,288	25,350	27,091	29,128
Insulating activities	926	934	832	879	939	993	933	913	936	923	982	1,768
Plumbing	12,045	12,519	13,600	13,973	18,271	18,853	20,540	22,179	23,552	24,797	25,603	27,368
Heating and ventilating engineers	5,981	5,500	6,161	5,870	..	..	..	..	..	..	..	..
Plastering	2,443	2,538	2,741	2,389	2,712	2,777	2,839	2,963	3,191	3,338	3,554	3,741
Joinery installation	9,974	10,016	9,725	9,699	17,069	15,295	15,616	16,702	17,560	17,865	18,805	19,076
Flooring contractors	2,412	2,684	2,805	2,820	..	..	..	..	..	..	..	..
Floor and wall tiling specialists	872	770	803	791	..	..	..	..	..	..	..	..
Floor and wall covering	..	..	..	..	3,947	4,058	4,456	4,871	5,182	5,340	5,764	6,138
Suspended ceiling specialists	3,238	4,529	5,234	3,452	..	..	..	..	..	..	..	
Painting	8,634	8,969	8,921	8,507	8,232	7,895	7,823	7,598	7,621	7,460	7,339	7,843
Glazing	3,484	3,128	3,841	3,581	2,967	3,574	4,066	4,311	4,439	4,416	4,324	4,653
Plant hire (with operators)	4,182	3,882	3,549	3,245	2,983	2,964	2,757	2,811	2,789	2,658	2,735	3,229
Other construction work and building installation and completion	13,934	15,535	17,560	19,154	23,379	24,566	29,756	32,672	34,669	35,155	35,949	37,050

| All trades | 160,148 | 163,236 | 165,561 | 163,426 | 168,123 | 166,181 | 171,092 | 176,403 | 182,644 | 186,107 | 192,199 | 202,407 |

Table 3: Private Contractors by Region of Registration

Source: Office for National Statistics (2009)

By region of registration	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	*2008*
North East	4,255	4,210	4,647	4,079	4,246	4,191	4,389	4,634	5,008	5,139	5,466	5,666
Yorkshire and the Humber	12,581	12,543	12,442	12,913	12,625	12,476	13,156	13,788	14,275	14,588	15,402	15,932
East Midlands	11,489	11,956	11,396	11,759	12,325	12,245	12,911	13,446	14,100	14,482	14,858	15,471
Eastern:	20,195	20,949	20,608	21,553	22,129	21,790	22,513	23,071	23,831	24,296	24,741	26,073
East Anglia	7,589	7,668	7,220	7,535	7,822	7,727	8,194	8,406	8,629	8,894	9,024	9,418
Beds, Essex, Herts	12,606	13,281	13,388	14,018	14,307	14,063	14,319	14,665	15,202	15,402	15,718	16,655
Greater London	16,530	17,142	17,222	15,936	17,737	17,610	17,578	17,584	17,835	18,160	19,137	20,975
South East:	27,824	28,806	30,707	29,683	30,338	30,094	30,949	32,046	32,813	33,250	33,867	35,751
Kent, Surrey, Sussex	14,799	15,348	15,897	15,118	16,032	15,908	16,212	16,822	17,119	17,423	17,866	18,905
Berks, Bucks, Hants, Oxon	13,025	13,458	14,810	14,565	14,306	14,186	14,737	15,224	15,694	15,827	16,000	16,845
South West	16,462	16,705	16,985	17,700	18,193	17,961	18,397	19,013	19,845	20,248	20,694	21,843
West Midlands	14,656	14,844	13,974	14,076	14,917	14,746	15,093	15,553	15,999	16,152	16,590	17,278
North West	15,508	15,676	16,112	15,303	15,874	15,661	16,185	16,873	17,427	17,744	18,427	19,151
England	139,500	142,804	144,093	143,001	148,382	146,774	151,170	156,008	161,133	164,059	169,182	178,138
Wales	8,392	8,273	8,382	7,676	7,916	7,784	7,830	8,115	8,503	8,727	8,905	9,235
Scotland	12,256	12,159	13,179	12,748	11,824	11,624	12,092	12,280	13,008	13,321	14,113	15,034
Great Britain	**160,148**	**163,236**	**165,561**	**163,426**	**168,123**	**166,181**	**171,092**	**176,403**	**182,644**	**186,107**	**192,199**	**202,407**

Table 4: Private Contractors by Number of Firms & Size & Trade of Firm (Source: Office for National Statistics, 2009)

Year 2008 Size of firm (by number employed)	Main trades				Specialist trades		
	Non-residential building	Housebuilding	Civil engineering[3]	Total main trades	Demolition	Test drilling and boring	Roofing
1	4,615	11313	2,672	18,600	557	96	3,070
2-3	3,683	9029	2,133	14,845	445	77	2,450
4-7	1,967	4821	1,139	7,927	237	41	1,308
8-13	788	1932	456	3,176	95	16	524
14-24	416	1019	241	1,676	50	9	277
25-34	132	325	77	534	16		88
35-59	129	317	75	522	16		86
60-79	38	93	22	153	5	9	25
80-114	30	73	17	121			20
115-299	35	86	20	142	9		
300-599	10	24		39		..	35
600-1,199		9		14	..	..	..
1,200 and over	7	8	9	14	..	..	..
All firms	**11,850**	**29,050**	**6,861**	**47,761**	**1,430**	**247**	**7,884**

| | Specialist trades (continued) | | | | | | |
	Construction of highways	Construction of water ways	Scaffolding	Installation of electrical wiring and fitting	Insulating activities	Plumbing	Plastering
1	1,028	113	841	11,344	689	10,658	1,457
2-3	820	90	672	9,053	550	8,506	1,163
4-7	438	48	359	4,834	294	4,542	621
8-13	175	19	144	1,937	118	1,820	249
14-24	93	10	76	1,022	62	960	131
25-34	29		24	326	20	306	42
35-59	29		24	318	19	299	41
60-79	8		7	93	⎫ 10	87	12
80-114	7	⎫ 9	5	74	⎭	69	⎫ 26
115-299	⎫			87	5	81	
300-599	⎬ 12	⎫	⎫	24	⎫ 3	22	..
600-1,199	⎭	⎬ 10	⎬ 10	9	⎭	8	..
1,200 and over		⎭	⎭	8	..	8	..
All firms	**2,639**	**290**	**2,161**	**29,128**	**1,768**	**27,368**	**3,741**

	Specialist trades (continued)						
	Joinery installation	Floor and wall covering	Painting	Glazing	Plant hire (with operators)	Other work, installation & completion	All trades
1	7,429	2,390	3,054	1,812	1,257	14,429	78,826
2-3	5,929	1,908	2,438	1,446	1,004	11,516	62,910
4-7	3,166	1,019	1,302	772	536	6,149	33,594
8-13	1,268	408	522	309	215	2,464	13,459
14-24	669	215	275	163	113	1,300	7,102
25-34	213	69	88	52	36	414	2,262
35-59	208	67	86	51	35	405	2,211
60-79	61	20	25	15	10	118	647
80-114	48	} 43	20	12	8	94	511
115-299	57		23	14	10	110	602
300-599	} 26	..	} 11	} 6	} 5	30	164
600-1,199		..				11	60
1,200 and over	..	..	..	..	..	11	59
All firms	19,076	6,138	7,843	4,653	3,229	37,050	202,407

APPENDIX B

Summary of Literature Review

Areas to Explore on Social Exclusion

The Dynamic Nature of Social Exclusion - if the minority business perspective on the business case for supplier diversity encompasses the fact that they perceive there is evidence of minority businesses being socially excluded in the construction sector, what then are the dynamics of this exclusion? I will explore any evidence of the differential character of social exclusion as it affects different minority businesses in different areas, and identify wherever possible the dynamics of that social exclusion. As the different definitions offered by scholars imply, to what extent (if any) do they feel 'shut out' (fully or partially) from contracting opportunities which determine the 'social integration' of minority businesses into the supply stream. There is on my part both a need, and a desire, to identify precisely the nature of the constraints (if any) which are specifically responsible for the perceived/actual social exclusion of minority businesses from the construction sector, as I feel this will add richness in depth through a more detailed understanding of the nature of the problem. Ginsburg (1992), states that for the dynamics of social exclusion to be taken seriously, one must reject the idea that racism is monolithic and affects different ethnic groups in the same way or even different individuals in the same way within a given ethnic group. This raises a further interesting point within the context of this study and will be explored further with minority businesses in this study.

Dimensions of Social Exclusion - the different dimensions of social exclusion are particularly useful in this study in that they can be explored further through the 'world view' of the minority business owner. In other words, they may help us to understand the different dimensions of exclusion which may be hindering minority business owners to 'engage with the system' in the arena of buyer-minority supplier relationships. Specifically, I will investigate through the in-depth interviews whether there is any evidence from the minority business perspective of cultural, material, or spatial exclusion. Here, the literature on the multi-dimensional nature of social exclusion will be useful and I will investigate through the interviews the minority business perspective on the basis of which categories (i.e. gender, race, class, sexuality, and so forth) if any, do they feel they are excluded from 'life chances' such as contract opportunities.

Self Exclusion - I will explore if there is any evidence of 'self-exclusion' by minority business owners, and if so, a detailed understanding of their reasons why will be sought. This is certainly an issue which strikes a chord with me and I will explore further because I did find evidence of minority businesses 'choosing' to exclude themselves from engaging with large construction companies for various reasons, which included their perception of the image of the construction sector as being one which discriminates against minority businesses. This may also be a contributory factor leading to why supplier diversity in the construction sector is reported as low - specifically, I will investigate the possibility that minority businesses may be excluding themselves out of the market through a lack of willingness to engage with the bidding system.

Social Identity - I will be seeking to explore the minority business perspective on how they perceive themselves i.e. how would they define their social identity, and how do they feel about being defined as a 'minority business'?

Areas to Explore on Corporate Social Responsibility

Corporate Social Responsibility definitions – given the reported 'fuzzy' nature of corporate social responsibility, it will be interesting here to explore the minority business owner's perspective on what corporate social responsibility should mean to the large construction companies? Do they see corporate social responsibility extending to outside the firm and if so, what does it cover? And in their view, what should be the concerns of large construction companies in terms of corporate social responsibility? Are there any obligations in their view which large construction companies have towards minority suppliers – if so, what are they?

Stakeholder Management – For UK construction firms to take supplier diversity seriously as part of their corporate social responsibility (CSR) agenda, they would no doubt need to understand why this might be an important issue that justifies company resources. Here, it would be interesting to investigate the minority business perspective on this issue. Specifically, do minority businesses see themselves as 'stakeholders' of larger construction companies? Within the scope of this study, I am keen to investigate the minority business perspective on whether

procurement professionals for large construction companies should be concerning themselves with managing minority suppliers as 'stakeholders' of the business, and if so, why? I will also investigate if minority businesses can provide examples of occasions where they feel they have been treated as stakeholders of the firm. If they feel they are not treated as stakeholders, does this impact their business in any way, and if so, how?

The Benefits of Corporate Social Responsibility - There have been 'attempts' by some researchers to link the firm's activities in the CSR arena with positive financial performance although some argue their results lack evidence. Other researchers have reported on the numerous benefits large firms can derive through engaging in CSR which are not so easy to measure for example, reputation management. Here, it will be interesting to include questions in the interviews which explore the minority business perspective on what benefits they feel large construction companies can gain through having supplier diversity on the CSR agenda. Specifically, if large construction companies implement supplier diversity programmes under the banner of their corporate social responsibility policy, what benefits can their organisation expect to gain from dealing with minority businesses (if any)? Also worth exploring is if they have had any negative experiences of companies engaging in supplier diversity as part of their CSR agenda, for example, some companies interviewed during Document Three felt that large construction companies placed supplier diversity on their agenda merely as a public relations buff.

Areas to Explore on Managing Diversity

Defining Diversity - many researchers have argued that there are different dimensions to diversity. I find this view an interesting point and wonder if there is some truth to this. When carrying out research for this thesis, I think it is both important and will be interesting to explore questions around what diversity actually means to the sample of minority businesses interviewed – would these businesses actually define themselves as 'diverse'?, and if so, in what ways do they regard themselves as diverse?

Managing Diversity – the debate on what the term 'managing diversity' actually means is huge where many researchers have contributed with their own individual unique definitions. Here, I will explore what this term means to minority business owners.

Benefits of Managing Diversity - I will explore here the views of minority business owners on what they perceive the benefits are to large construction companies of managing diversity in their contractor base. I will also investigate whether they think the larger constructions companies do try and manage diversity, and if so at what level within the organisation is diversity managed i.e. the strategic level, managerial level, or implementation level as described by Kramer (1998).

The Consequences of Not Attending to Diversity – It will be interesting to know if minority businesses actually have a view on this, and if so what consequences they can identify if large construction companies do not attend to diversity.

Barriers to Managing Diversity – Here I will explore whether minority businesses perceive there to be any barriers to large construction companies managing diversity, and if so, what are the barriers? And how do they suggest such barriers may be tackled?

Managing Diversity vs. Managing Equal Opportunities – given there is some literature on this specific issue, it will be worthwhile investigating the minority business perspective on how managing diversity in their view differs (if at all) to managing equal opportunities, as these findings will help contribute towards the research question for this study where I am seeking their perspective on the business case for supplier diversity.

Suppressing Diversity **-** the idea that 'individuals have suppressed their diversity is one which interests me hugely, as this is a finding which unfolded during one of the interviews I conducted with a minority business owner during Document Three, and therefore it is certainly worthy of further exploration as part of my fieldwork for this study.

Areas to Explore on Supplier Diversity

Barriers to Contract Opportunities – throughout Documents Three and Four, and throughout the literature review, many minority business owners have stated that they feel there are a number of barriers to contract opportunities in the construction sector. I will explore this area further in more detail and will also ask the interviewees for their views on what they can be done to remove the perceived hurdles.

Industry Image – a number of reports have commented on the poor reputation of the construction industry and have reported that racism is still rife. It will therefore be interesting to hear the view of minority businesses on how they 'perceive' the image and reputation of the industry. During the interviews carried out for Document Three, one of the minority business owners interviewed confessed that he felt he had experienced discriminatory practice towards him on a number of occasions and he was adamant that it was due to the fact that he is black. As part of the interviews for this study, I will explore the views of other minority businesses on this issue to identify their experiences.

The Business Case for Supplier Diversity - much of the literature on supplier diversity talks about it in a highly positive way with the economic and social benefits being presented as part of the business case. Here, it will be interesting to learn what the minority business perspective is on the whole notion of supplier diversity i.e. do they think there are benefits which can be derived from large construction companies implementing supplier diversity, and if so, what are the perceived benefits? And what do they think would drive supplier diversity in the industry?

Implementing Supplier Diversity – the US literature in particular advises on what makes up a 'successful' supplier diversity programme and advises on the 'do's and don'ts'. In this section, I will seek the minority business perspective on what they think large construction companies should consider if they were to implement a supplier diversity initiative i.e. what key components should the programme have?

Areas to Explore on Buyer-Minority Supplier Relationships

Buyer-Seller Perceptions & Trust - A considerable amount of research has been conducted assessing the interpersonal factors which promote trust and cooperation within trading relationships. Here, I use the model presented by Smeltzer (1997) and explore the minority business owner's perception of the identity, image, and reputation of the large construction companies. I will also probe for their views on the issue of buyer-seller perceptions i.e. how do minority businesses perceive themselves (self-description), and how do they think they are perceived by buyers for large construction companies. By gaining in-depth knowledge of their views on this subject, it is suggested that this will go some way in helping identify the business case for supplier diversity together with clearer direction on the specific issues which the industry needs to target, thereby helping shape policy 'more accurately' to meet the desired goal of increasing diversity.

Problems encountered by Minority Businesses – A number of studies have highlighted the barriers that minority firms face in the UK market. Here, I will delve further into this with the aim of obtaining further information and examples of the 'barriers' which minority businesses perceive to be a hurdle to contract opportunities in the construction housing sector.

Problems encountered by Large Construction Companies – On the same note, something which is not covered in the existing literature which I think is worth exploring is the minority business perspective on what problems (if any) they think that large construction companies may face when seeking to achieve a diverse supplier base. It will be interesting to hear their views on this because it is human nature and very easy to point the finger at others, but not so easy to look at what one can do themselves to help the situation – so a recognition of the buyer's problems may force the minority business to think more 'broadly' in terms of what they can do as a supplier to help achieve diversity in the industry.

Are they Uniquely Minority-related problems or SME-related problems? – Some studies suggest that minority businesses face two types of challenges: size-related challenges and minority-related challenges. Of all the problems highlighted by the interviewee, I will explore their views on whether they feel the barriers they

face are related to the fact that they are a minority business, or whether they see this as problems which SMEs typically face.

Developing Successful Buyer-Minority Supplier Relationships – In this section I will explore the minority business perspective on what measures they think should be implemented by both buyers and suppliers to achieve supplier diversity in the construction sector.

APPENDIX C

Summary of Areas of Inquiry for In-depth interviews

5. SOCIAL EXCLUSION

The Dynamic Nature of Social Exclusion

- What do minority businesses understand by the term 'social exclusion'?
- Have they ever experienced social exclusion, and if so what are the dynamics of this exclusion?
- To what extent (if any) do they feel 'shut out' (fully or partially) from contracting opportunities which determine the 'social integration' of minority businesses into the supply stream?
- Does discrimination (if any) affect minority businesses and individuals in similar or different ways?

Dimensions of Social Exclusion

- Is there any evidence of cultural, material, or spatial exclusion?
- Investigate on the basis of which categories (i.e. gender, race, class, sexuality, and so forth) if any, they feel they are excluded from 'life chances' such as contract opportunities.

Self Exclusion

- Explore if there is any evidence of 'self-exclusion' by minority business owners. If so, a detailed understanding of their reasons why.
- Investigate the possibility that minority businesses may be excluding themselves out of the market through a lack of willingness to engage with the bidding system.

Social Identity

- Explore the minority business perspective on how they perceive themselves i.e. how they would define their social identity, and how do they feel about being defined as a 'minority business'?

6. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility definitions

- Explore the minority business owner's perspective on what corporate social responsibility should mean to the large construction companies?
- Do they see corporate social responsibility extending to outside the firm and if so, what does it cover? For example, are there any obligations in their view which large construction companies have towards minority suppliers – if so, what are they?

Stakeholder Management

- Do minority businesses see themselves as 'stakeholders' of larger construction companies? - investigate their perspective on whether procurement professionals for large construction companies should be concerning themselves with managing minority suppliers as 'stakeholders' of the business, and if so, why?
- Can they provide examples of occasions where they feel they have been treated as stakeholders of the firm. If they feel they are not treated as stakeholders, does this impact their business in any way, and if so, how?

The Benefits of Corporate Social Responsibility

- Explore the minority business perspective on what benefits they feel large construction companies can gain if they were to implement supplier diversity programmes under the banner of their corporate social responsibility policy.
- Explore if they have had any negative/positive experiences of companies engaging in supplier diversity as part of their CSR agenda.

7. DIVERSITY MANAGEMENT

Defining Diversity

- Explore what diversity actually means to the sample of minority businesses interviewed.

Managing Diversity

- Explore what 'managing diversity' means to minority businesses.

Benefits of Managing Diversity

- Explore the views of minority business owners on what they perceive the benefits are to large construction companies of managing diversity in their contractor base.
- Investigate whether they think the larger constructions companies do try and manage diversity, and if so at what level within the organisation is diversity managed i.e. the strategic level, managerial level, or implementation level.

The Consequences of Not Attending to Diversity

- In their view, are there any consequences if large construction companies do not attend to diversity, and if so, what are they?

Barriers to Managing Diversity

- Explore whether minority businesses perceive there to be any barriers to large construction companies managing diversity, and if so, what are the barriers?
- How do they suggest such barriers may be tackled?

Managing Diversity vs. Managing Equal Opportunities

- Investigate the minority business perspective on how managing diversity in their view differs (if at all) to managing equal opportunities.

Suppressing Diversity

- Explore whether there is any evidence of minority business owners suppressing their identity when trying to access contract opportunities.

8. SUPPLIER DIVERSITY

Barriers to Contract Opportunities

- Explore their experience of any barriers to contract opportunities with larger construction companies.
- What do they think can be done to remove the perceived hurdles?

Industry Image

- Explore the view of minority businesses on how they 'perceive' the image and reputation of the construction sector (probe for both negative and positive experiences).

The Business Case for Supplier Diversity

- Do they think there are benefits which can be derived from large construction companies implementing supplier diversity, and if so, what are the perceived benefits?
- Why in their view should large construction companies implement supplier diversity?
- What do they think would drive supplier diversity in the industry?
- Could supplier diversity be used as a tool to help the industry better manage its reputation for diversity amongst the minority business sector?

Implementing Supplier Diversity

- What is the minority business perspective on what large construction companies should consider if they were to implement a supplier diversity initiative i.e. what key components should the programme have and what would they advise are the 'do's and don'ts'?
- What is the minority business perspective on the role of intermediary organisations who work on the supplier diversity agenda in the UK – do minority businesses think they would be useful, and if so how/why?

9. BUYER-MINORITY SUPPLIER RELATIONSHIPS

Buyer-Seller Perceptions & Trust
- Explore the minority business owner's perception of the identity, image, and reputation of the large construction companies.
- How do minority businesses perceive themselves (self-description)?
- How do they think they are perceived by buyers for large construction companies?

Problems encountered by Minority Businesses
- Probe further into this and obtain detailed information and examples of the 'barriers' which minority businesses perceive to be a hurdle to contract opportunities in the construction housing sector.

Are they Uniquely Minority-related problems or SME-related problems?
- Of all the problems highlighted by the interviewee (if any), explore their views on whether they feel the barriers they face are related to the fact that they are a minority business, or whether they see this as problems which SMEs typically face.

Problems encountered by Large Construction Companies (Capability/Sourcing issues)
- Explore what quality accreditations (if any) the business holds.
- Explore the minority business perspective on what problems (if any) they think that large construction companies face when seeking to achieve a diverse supplier base.
- What do they think large construction firms look for in a contractor, and what do they have in place?
- Find out what minority businesses have to say about the fact that large construction companies say quality and capable minority businesses are hard to find.
- What do they think they can do as a supplier to help achieve diversity in the construction sector?

Developing Successful Buyer-Minority Supplier Relationships
- Explore their views on why they think buyer-minority supplier relationships are not always successful.
- Explore the minority business perspective on what measures they think should be implemented by both buyers and suppliers to achieve supplier diversity in the construction sector.

APPENDIX D

QUESTIONNAIRE

Used for the In-depth interviews with minority business owners

NOTE: The text highlighted in red outlines what I was seeking to explore through asking the particular questions in each section, with the relevant question numbers highlighted in brackets.

1. PROFILE OF OWNER

Respondent's Name:

Respondent's Gender: **Male**   **Female**

Respondent's Age:

Ethnicity:

2. PROFILE OF BUSINESS

Company Name:

What is the legal Status of the company?

Location of business:

What year did the business begin?   **Age of Business (Years):**

What are the main activities of the business?

Number of employees?

Who are your main customers?

3. SUPPLIER DIVERSITY

Barriers to Contract Opportunities

- Explore their experience of any barriers to contract opportunities with larger construction companies. (3.1, 3.2, 3.3)
- What do they think can be done to remove the perceived hurdles? (3.4)

Industry Image

- Explore the view of minority businesses on how they 'perceive' the image and reputation of the construction sector (probe for both negative and positive experiences). (3.5)

The Business Case for Supplier Diversity

- Do they think there are benefits which can be derived from large construction companies implementing supplier diversity, and if so, what are the perceived benefits? (3.6)
- Why in their view should large construction companies implement supplier diversity? (3.7)
- What do they think would drive supplier diversity in the industry? (3.8)
- Could supplier diversity be used as a tool to help the industry better manage its reputation for diversity amongst the minority business sector? (4.2)

Implementing Supplier Diversity

- What is the minority business perspective on what large construction companies should consider if they were to implement a supplier diversity initiative i.e. what key components should the programme have and what would they advise are the 'do's and don'ts'? (3.9)
- What is the minority business perspective on the role of intermediary organisations who work on the supplier diversity agenda in the UK – do minority businesses think they would be useful, and if so how/why? (3.10)

3.1 Do you have any experience with supplying to large organisations in the construction housing sector? If so, can you comment on your experience with supplying to these organisations?

3.2 How do you get to find out about contract opportunities with the larger construction companies?

3.3 In your view, are there any barriers to accessing contract opportunities with the large construction companies? If so, what are the barriers?

3.4 What do you think can be done to remove the perceived barriers to contract opportunities?

3.5 For you as a business operating in the construction housing sector, what comments would you make about the image and reputation of the sector (probe for both positive and negative comments)?

3.6 In your view, are there any benefits for large construction companies if they were to implement supplier diversity i.e. if they were to implement initiatives aimed at engaging more with minority suppliers in the contracting process? If so, what in your view are the benefits?

3.7 Do you think large construction companies should implement supplier diversity initiatives, and if so, why should they do so?

3.8 What in your view would drive supplier diversity in the construction housing sector i.e. what factors would help increase the number of ethnic-minority owned and women-owned businesses forming contractual supply relationships with the larger construction firms?

3.9 If the larger construction companies were to implement initiatives to increase supplier diversity, what would you say are the key components which would ensure the programmes are successful (i.e. what would you advise are the 'do's and don'ts)?

3.10 Explain the role of intermediaries like Supplier diversity Europe (SDE) and Minority Supplier Development UK (MSDUK) and how they work to the interviewee, then ask: What do you think of this idea – do you think that these kind of intermediaries are useful to your business? How could they help your business? Would you pay them for membership?

4. BUYER-MINORITY SUPPLIER RELATIONSHIPS

Buyer-Seller Perceptions & Trust
- Explore the minority business owner's perception of the identity, image, and reputation of the large construction companies. (4.1)
- How do minority businesses perceive themselves (self-description)? (4.4)
- How do they think they are perceived by buyers for large construction companies? (4.5)

Problems encountered by Minority Businesses
- Probe further into this and obtain detailed information and examples of the 'barriers' which minority businesses perceive to be a hurdle to contract opportunities in the construction housing sector. (4.6)

Are they Uniquely Minority-related problems or SME-related problems?
- Of all the problems highlighted by the interviewee (if any), explore their views on whether they feel the barriers they face are related to the fact that they are a minority business, or whether they see this as problems which SMEs typically face. (4.7)

Problems encountered by Large Construction Companies (Capability/Sourcing issues)
- Explore what quality accreditations (if any) the business holds. (4.3)
- Explore the minority business perspective on what problems (if any) they think that large construction companies face when seeking to achieve a diverse supplier base. (4.8)
- What do they think large construction firms look for in a contractor, and what do they have in place? (4.10)
- Find out what minority businesses have to say about the fact that large construction companies say quality and capable minority businesses are hard to find. (4.9)
- What do they think they can do as a supplier to help achieve diversity in the construction sector? (4.11)

Developing Successful Buyer-Minority Supplier Relationships
- Explore their views on why they think buyer-minority supplier relationships are not always successful. (4.12)
- Explore the minority business perspective on what measures they think should be implemented by both buyers and suppliers to achieve supplier diversity in the construction sector. (4.13)

4.1 We talked earlier about your perceptions of the image of the construction housing sector. Can you comment further on this, in particular what is your perception of the construction sector's reputation and image – is it one you can trust when seeking to access contract opportunities with them? (Probe for their views on the buyer-seller relationship in terms of industry identity, image, and reputation).

4.2 In your view, is there a need for larger construction companies to manage their image in other ways in order to attract more minority businesses? If so, how could they do this?

4.3 What quality accreditations (if any) do you hold?

4.4 How would you describe your business in terms of your capability, performance, quality, and so forth, when you consider what larger construction companies would require you to deliver as a contractor?

4.5 How do you think you are perceived as business (in terms of capability, quality, performance, etc) by the larger construction companies if they were asked to consider you for contract opportunities?

4.6 Are there any further comments you wish to make on the hurdles that you face (if any) when seeking to access contract opportunities with the larger firms?

4.7 Would you say the challenges you face when trying to access contract opportunities are uniquely faced by minority-owned businesses alone (if so why?), or would you say they are typical of the hurdles faced by all small-medium sized businesses?

4.8 What problems (if any) do you think the larger construction companies face when seeking to work with minority businesses as contractors in the delivery of their housing construction/refurbishment projects?

4.9 Many large construction companies I have spoken to comment that they find it difficult to find 'visible' and 'capable' minority businesses, commenting that minority businesses are difficult to find. Do you have any comments on this? (Probe for how they market themselves, how can large construction companies find quality minority businesses?)

4.10 What in your view are the key success factors you must demonstrate to secure contracts with the larger construction firms? And do you think you can demonstrate that you have the key success factors sought?

4.11 What do you think you can do as a minority business to help achieve supplier diversity in the construction housing sector?

4.12 Based upon your experiences, what are the most important reasons why buyer-minority supplier relationships are not always successful?

4.13 There has been a long-standing debate on what many view as the 'poor diversity record of the construction industry'. Moving forward, what measures do you think can be implemented by both buyers for the larger construction companies, and by minority business owners to achieve a 'better or improved' supplier diversity record in the construction housing sector?

5. SOCIAL EXCLUSION

The Dynamic Nature of Social Exclusion

- What do minority businesses understand by the term 'social exclusion'? (5.1)
- Have they ever experienced social exclusion, and if so what are the dynamics of this exclusion? (5.2)
- To what extent (if any) do they feel 'shut out' (fully or partially) from contracting opportunities which determine the 'social integration' of minority businesses into the supply stream? (5.3)
- Does discrimination (if any) affect minority businesses and individuals in similar or different ways? (5.4)

Dimensions of Social Exclusion

- Is there any evidence of cultural, material, or spatial exclusion? (5.5)
- Investigate on the basis of which categories (i.e. gender, race, class, sexuality, culture, and so forth) if any, they feel they are excluded from 'life chances' such as contract opportunities. (5.5)

Self Exclusion

- Explore if there is any evidence of 'self-exclusion' by minority business owners. If so, a detailed understanding of their reasons why. (5.6)
- Investigate the possibility that minority businesses may be excluding themselves out of the market through a lack of willingness to engage with the bidding system. (5.6, 5.7)

Social Identity

- Explore the minority business perspective on how they perceive themselves i.e. how they would define their social identity, and how do they feel about being defined as a 'minority business'? (5.8, 5.9)

5.1 What do you understand by the term 'social exclusion'?

5.2 Based on your understanding of what social exclusion means, have you ever experienced this type of exclusion as a business operating in the construction housing sector? If so, can you give examples of your experience?

5.3 Have you ever felt 'excluded' from accessing contract opportunities with the larger construction companies? If so, can you provide examples and explain how and why you felt excluded? (Probe, do they feel fully or partially shut out)

5.4 Have you ever experienced any form of discrimination in the contracting process with large construction companies? If so, can you provide examples how and why you felt discriminated against, and state how this affected you?

5.5 (If applicable) Based on what criteria did you feel excluded e.g. gender, ethnicity, culture, age, sex, and so forth? (explore any evidence of cultural, material, special exclusion)

5.6 Have you ever decided to exclude yourself from accessing contract opportunities with large construction companies, and if so, why did you decide to opt out of trying to access such opportunities?

5.7 Are there any parts of the bidding process for contract opportunities with large construction companies that you choose not to participate in? And if so, can you explain why?

5.8 Would you define yourself as an 'ethnic minority owned' or 'woman-owned' (whichever is relevant to the interviewee) business? And how do you feel about being defined this way?

5.9 How would you define yourself as a business?

6. DIVERSITY MANAGEMENT

Defining Diversity

- Explore what diversity actually means to the sample of minority businesses interviewed. (6.1)

Managing Diversity

- Explore what 'managing diversity' means to minority businesses. (6.2)

Benefits of Managing Diversity

- Explore the views of minority business owners on what they perceive the benefits are to large construction companies of managing diversity in their contractor base. (3.6)
- Investigate whether they think the larger constructions companies do try and manage diversity, and if so at what level within the organisation is diversity managed i.e. the strategic level, managerial level, or implementation level. (6.3)

The Consequences of Not Attending to Diversity

- In their view, are there any consequences if large construction companies do not attend to diversity, and if so, what are they? (6.4)

Barriers to Managing Diversity

- Explore whether minority businesses perceive there to be any barriers to large construction companies managing diversity, and if so, what are the barriers? (6.5)
- How do they suggest such barriers may be tackled? (6.6)

Managing Diversity vs. Managing Equal Opportunities

- Investigate the minority business perspective on how managing diversity in their view differs (if at all) to managing equal opportunities. (6.8)

Suppressing Diversity

- Explore whether there is any evidence of minority business owners suppressing their identity when trying to access contract opportunities. (6.9)

6.1 What does the term 'diversity' mean to you?

6.2 What does the term 'managing diversity' mean to you?

6.3 Do you think the large construction companies do make efforts to manage diversity in the contractor base? If so, what level within their organisations do you think diversity is managed (strategic level, managerial level, implementation level)?

6.4 In your view, are there any consequences for large construction companies if they do not attend to managing diversity?

6.5 Do you think large construction companies face any barriers when seeking to manage diversity in their supplier base? If so, what are the barriers?

6.6. How do you think such barriers (if any) can be tackled?

6.8 Do you think there is any difference between managing diversity and managing equal opportunities? If so, how do they differ?

6.9 Have you ever attempted to hide your identity (e.g. your ethnicity or your gender) when seeking to access contract opportunities with the larger construction companies? If so, how did you hide your identity and why did you attempt to do so?

7. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility definitions

- Explore the minority business owner's perspective on what corporate social responsibility should mean to the large construction companies? (7.1)
- Do they see corporate social responsibility extending to outside the firm and if so, what does it cover? For example, are there any obligations in their view which large construction companies have towards minority suppliers – if so, what are they? (7.2)

Stakeholder Management

- Do minority businesses see themselves as 'stakeholders' of larger construction companies? - investigate their perspective on whether procurement professionals for large construction companies should be concerning themselves with managing minority suppliers as 'stakeholders' of the business, and if so, why? (7.3)
- Can they provide examples of occasions where they feel they have been treated as stakeholders of the firm. If they feel they are not treated as stakeholders, does this impact their business in any way, and if so, how? (7.4)

The Benefits of Corporate Social Responsibility

- Explore the minority business perspective on what benefits they feel large construction companies can gain if they were to implement supplier diversity programmes under the banner of their corporate social responsibility policy. (7.5)
- Explore if they have had any negative/positive experiences of companies engaging in supplier diversity as part of their CSR agenda. (7.6)

7.1 What in your view should be the concerns of large construction companies in terms of corporate social responsibility?

7.2 Do you think large construction companies have obligations towards businesses such as yours? If so, what in your view are these obligations?

7.3 Would you say your business should be seen as a stakeholder of the firm by large construction companies, and therefore buyers for these large firms should be concerning themselves with managing businesses like yours as 'stakeholders' of their business? If so, why?

7.4 Can you provide any examples of where you feel as a business you have been treated as a stakeholder of the larger firms? How would being treated as a stakeholder impact your business?

7.5 If the large construction companies were to implement supplier diversity as part of their corporate social responsibility agenda, do you think they would gain any benefits from doing so? If so, what are the benefits?

7.6 Have you ever been involved in a supplier diversity initiative carried out by any of the larger construction companies? If so, what was your experience (both positive and/or negative)?

7.7 Finally, are there any other comments you wish to make on any of the topics we have discussed?

Thank you for your invaluable time.

APPENDIX E

ANALYSIS: CONCEPTUALLY CLUSTERED MATRIX

LDA OAKWAY BUILDINGS LTD

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
LDA Oakway Buildings Ltd	*'You see this is how it works….now luckily my partner has gone away, he has got a caravan down in Weymouth and he met one of the councillors and her husband at a party, at a barbecue…I swear on this it's no word of a lie… he met them in a barbecue, okay…he got talking and he spent the week with them. Her husband is an avid Man United fan and my partner owns two season tickets so he gave him a season ticket. That put the ball in motion. His wife sits on the council at Weymouth so we got talking to them and then we got the contract through her. It's who you know at the end of the day. There was no way an Asian firm would have gone down there that could have tendered for the contract. My partner who's white said himself, he said, "look you've got an Asian face going down there…they are very frightened down there…they haven't seen many in Weymouth and Dorset so if you turn up, they may just think what are we doing here".'* *'When you are basically not allowed to join the popular group. So you are in the playground and you are with the popular kids, you are socially excluded, they are not going to let you join in, which is basically what I have explained to you. So it's rife. Social exclusion is rife in the construction industry. I mean you are dealing with guys that have been in the industry 50 years, 40 or 50 years, that have got good relationships. They have started off right and they are only going to employ people that they know, you*	*'I don't think it's them. I think it's down to the people that are giving these big guys the jobs, the highways agency, the councils, you know, government bodies, they need to be doing all this, not the big companies. I think it's, pushing it on the big companies is just another way for it to be filtered out.'* *'For the tick box, for the tick box, for the councils, for the quangos, for the government, yes. For us small businesses, no.'*	*'It's one of those where the industry is all…it's behind closed doors a lot of it. We don't get to see big contracts. We don't get to see the council builds. We don't get to see anything like that because they tender it out and the big boys just swallow everything up and we don't even get a look in. That's why a lot of the small builders, it's all private work. It's never corporate.'* *'I would put it as a small business issue…you are never going to get the big contracts or you are never even going to get offered the big contracts…the only way you are going to get it is if you know somebody there. For instance Paul, he knows somebody at Taylor Wimpey, he knows somebody at Bovis. Now, if he spoke to Taylor Wimpey guy now with this new site and said listen, give me your kitchens or give me your plastering, there would have to be a bunch in it for him. For him to give you the contract a brown envelope would have to go across the table.'* *'If they have the contracts and if they can break the contracts down further enough then I believe that they should. They*	*'We can't compete with that sort of sized business. We can't compete with the hospitals, the railway stations and stuff like that. It's just way too big. I mean the biggest project I have at the moment is probably about £1.2 million. Anything above that with the constraints that the big contracts put on you, it's impossible for us to do it.'* *'The conglomerates or the people that are offering the big boys the contracts need to break them down. The big boys will not break contracts down, that's the bottom line. I mean say for the NHS to come out and say we are going to give the whole contract to one person is wrong. They need to give the build contract to somebody. They need to separate off the plastering contract and then they can give that to smaller companies because they can deal with it then.'* *'If they worked with somebody like me they would get more than their 9 to 5. They would get more commitment to the job and obviously if it is worked on a priced work my guys would get in there and finish it quicker so we can get the money at a faster rate. I mean we work like that. We don't work to the constraints of you know, getting there at 8 o'clock, have your cup of tea, get ready, get on sites at 9:00, 4 o'clock you start packing the tools while at 5 o'clock you are gone. My guys don't do that. My guys are on site at 8 o'clock and they are working at 8:10 and then come five o'clock if I walk on site and say "guys, I just need that finishing, that finishing, that finishing', they will finish it before they close up*	*'You can't deal with the big boys unless you throw around brown paper bags and that's the God's honest truth. I mean there was a big thing in the newspapers and it was in the press where Balfour Beatty and people like that were prosecuted because they were going to other people who were tendering for the jobs, getting their tenders and paying them off. We can't compete with that'.* *'I feel I can't even sit on the same table as the big boys due to the fact that contract size that they deal with is huge, I mean Taylor Wimpey, for instance have bought a site on the Dudley Road in Smethwick and we tried to get a chance to work on that so we could build it out. I mean it's about 30 houses on there, which is not a problem to build for us. We can do that but we just don't have the physical capital and the banks aren't lending; the government is not giving us any support to get these contracts.'* *'The big boys, they will just keep it in house. Like I said to you it's a close-knit environment and it's not what you know, it's who you know and that's never going to change.'* *'On top of that it is payment period. That's probably the biggest one where everybody is falling down in the trade. Generally, when you sign a minor works contract it's called a JCTAT contract and that contract stipulates four weekly evaluations*

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know, and that's the bottom line.'

'No. I have never actually gone for it because they have never advertised or I have never seen them advertise so I could never go for them.'

'All the time. Oh yeah. You just tell them a different name. You will notice the difference, do a little experiment yourself you will find a big difference. I'll say Mr. Smith and they will say okay, no problem I will put you through. But if I say my name is Deepa Sohal, "Excuse me, can you spell that for me?" There you go. You are never in through the door straightaway.'

have a duty to.'

'When the big boys went under…the going rate that they were paying for skilled labour range between a £150 and £200 a day. Now how many people went out of business or lost their jobs? I'll try to look for work now. Now they are getting a maximum £100 a day. So the wage bills, because there are so many out there, there is so much fighting happening to get the jobs, prices are tumbling, people are working for whatever they can. It's difficult and that's why they need to fund or they need to split off so the little companies can employ these people and get them back into business again because I mean the beauty would be for the big companies to give the little ones a go and then hopefully they amalgamate with them.'

'I think that's...how can I say it, doing it as a minority thing in the construction industry, I mean if I had a brown envelope and I handed the brown envelope over, I'd get the job. It doesn't matter what colour I am or where I come from or what my background is. If I said I can do the job and fssst! a nice little holiday to Barbados goes under the table then you know you are going to get the job. Then it's down to you then. You need to do whatever you need to do and

and go".'

'I mean they've got to advertise correctly. I mean I have never heard of any of these big contracts unless you hear it in the newspaper that it's been awarded to so and so. I mean Birmingham City Council should advertise in the relevant newspapers, in the relevant press. They should have a database of all the registered builders and basically they should send out mail shots. I mean if all of a sudden Birmingham City Council turned around and said right, all the builders that are on their list with building control, okay, so building control have actually gone out inspected their work, it's easy. We are all on their records so it's not hard for them to set up a database and start advertising and sending mail shots saying right, we have 12 houses in Solihul and these are the plans. With email now, you can send plans on an email, it's easy. Send the plans out, can you please tender? That's the job. Then it's down to obviously…then I won't complaint that I don't know. If I lose the tender because somebody else has gone in cheaper I can't say anything but then again, if I know a certain councillor and I go and say to them right I have got this email off you, what you are saying, no problem. I will send you the lowest tender. There you go and the job's a good 'un.'

'Advertise where we get to see it…I mean you've got the Eastern Eye, you've got Asian directories, MSJ, stuff like that, they do it, and I mean they can even advertise through architects, firms, you know, it just depends on how much work they want to put into it. All we could do then is tender. Tender for the job and if we get it everything is happening; if we don't get it, I will

and then two week payments. So you've got to fund the build for six weeks straightaway - machinery, manpower, labour, materials and hire for health and safety and now-a-days you have to have hot water on site and stuff like that and some of the sites don't have electric and you could be paying up to £1000 a week for an power unit that can do that, so you have got to fund all that before you actually get anything in and I mean that's six weeks through a JCTAT. With Weymouth it is 60 days and then 30 day payment so you are looking at 90 days you've got to fund. How are we going to fund 90 days? Eight guys, accommodation, food, materials, labour, we are looking at £150,000 and you know, if the banks could help you out, not a problem. I mean I went to the banks with this contract, now don't forget the contract's been presold under contract so West Mercian Housing have signed a contract to buy this on completion. So I have gone to the bank and I have said look, there's the contract sum, NatWest are funding it on the behest that West Mercian have signed a contract to say that they are going to buy it, can you give me an overdraft, 20 grand, 25 – couldn't do it. The reason was the construction industry. I mean I even had a bank manager say to me if you were a florist you could have it but the construction industry is that volatile. We are not going to lend. They are not lending.

'I can't move my guys or take on other work until this is physically finished and I can sit down and work out my profits, pay the tax men off and then with that lump

you need to fund whatever you can.'

'Well if you do this, if the council say, we want builders to send in their emails or send us an email of your address and your letterhead; so you send them, they'll put it on a database and then obviously they fire out the tenders to you then because I mean there's a national house shortage at the moment. They have to build. But what Birmingham will then do is give it to the big boys because they have got 250-300 houses so they won't tender it out to us, they will go straight to Bovis, Taylor Wimpey blah, blah, blah and say right, here you go. You've got to build these but we will give you 25%, the rest 75 has to be for sheltered housing and then there you go, start building it. I am not saying that they don't use smaller businesses it's just that we've never had the opportunity to inspect any of their quotes or tender for them at all. I mean they must do it. I mean I don't think Taylor Wimpey has got three or four hundred employees, labourers on the job. They will give it to their site manager and their site manager will then break it up like I do. You've got the brick work, the foundation, the block work, the interior, the windows, the doors, and he will send that out to

move on to the next one.'

'They must interact with smaller businesses. If they do open days, seminars, come in and visit us, I mean have a look at where we work. Let's introduce ourselves to you; introduce yourself to us, you know, that would be one of the barrier breakers, which is probably one of the biggest and we could actually see somebody face-to-face and have a chat with somebody that is a decision-maker, that would probably be the best way to do it on that side of it. Don't just give it to your site managers and let them carry on with it because don't forget these guys have been building now for nearly 50-60 years. They have got their brickies, they've got their chippies, they've got their window guys, you know, and breaking the cycle on that is a personal issue because they are personally attached to these guys so for them to go elsewhere is a big thing. If a certain site manager gets sacked and a new site manager comes in you may have a chance but before that it's never going to happen.'

'It's got to be managed internally. It has to be managed internally. Anyhow it gets external then forget it because think about it, if somebody gave me a contract worth a million quid and said to me that's your contract then my main objective is to be how can I get that done for the cheapest rate that I can make the most amount of profit.'

'We are never going to do that…we are never going to get that £40-50 million contacts. It's never going to work. We can build it, you know we could do it. I can get the labour… you see this is where that doesn't need to be done at that stage, it needs to be

sum decide to go for another job, and then that's dependent on whether my guys will actually wait. The workers I have got, will they actually wait for me or will they get other jobs and when I phone them they say, 'sorry, I am working somewhere else'. I would say it's a dire situation at the moment. I am not surprised building companies are going out of business. Now with this recession because the banks are the cause of it, they are not helping anybody out and government giving £25 billion to them is the biggest waste of money on the planet. It's not going to help anybody. I will be, if I don't pick up another contract by May I am going to have to shut down.'

'I have worked on sites now where I have used my own labour, Asian labour, and they don't like it. They will make excuses, our plastering is not right. Oh look at that skirting, oh the architrave cutting hasn't been done correctly, blah, blah, they will try and make some excuse, I mean it's happening, as we speak it's happening right now.'

'I have got an electrician, he is Asian. I have given him the job rather than give a guy called Nigel, a white guy, the job. Now they are picking up every little thing. There's not a grommet in that. There's not, the sheeting is not straight; look at the spirit level. And you are thinking, 'you know what, if this was your boy doing it, you wouldn't have said anything'. And they get there for 8:00. They start work at 9:00. They will pack up their stuff at 4:00 and they will leave at 4:10. My guys, I know won't finish that job until it's done. So they will get there at 8 o'clock. If it takes until

			tender but he will only send it to people he knows.' *'It makes no difference whatsoever because the minority businesses will tend to deal in minority work, private work, extensions, conservatories, block paving, driveways, stuff like that. That's what the minorities would do because the majority of them probably don't have the amount of skilled labour to take on....I mean you look at the minority builders at the moment, your average Joe Bloggs in his transit van, he will probably be able to build a house or two houses probably and that will be his lot. To get on to the next stage you need to have the cash flow and you need to know somebody in the know that will help you out to do it.'* *'In the minority sector I have hardly ever seen any black builders, very, very rare. You see the actual workers, the chippies, the steel workers, the metal fixers and stuff like that but I don't actually see any companies that are run. I have never met anybody. The Asian side, there's hundreds of them. They are all out there ...but then again, they are all doing the scraps.'* *'Now, I know that that's a lot of rubbish okay, because for instance, the jobs I have got going on at Bromsgrove...all the workers, the chippy, the roofing contractor who is going to*	*done at my stage because we are doing that. We are doing the diversity thing. We are bringing in the smaller builders. I am bringing in the smaller subcontracted builders to do my jobs. Taylor Wimpey is not doing that. I mean you can walk on my site out. I have a got a subcontractor brickie, I have got a subcontractor roofer, a subcontracted kitchen guy, I have got a subcontracted window guy, subcontracted electrician, subcontractor plumbing – all working on my site. All minority businesses. They are all minority businesses. One man bands, guys with three guys, five guys, seven guys, eight guys, twelve guys. Now the brickie, if I needed more guys he can get them. So that's where we are doing it. They are not doing it.'* *'We are driving it at the moment and the big companies aren't driving jack. We are driving all the diversity. We are driving the small business initiatives. We are driving all that. We are the ones that are not getting any help to do it.'*	*7 o'clock, 8 or 9 o'clock at night they are going to finish it because there's that rapport.'* *'If they pay every two weeks, you are in with a fighting chance but they are paying 30 days, but don't forget you work for 30 days then a quantity surveyor will come on site and measure the amount of work you have done. Then you'll agree that work and then you'll invoice the client and they have a further, either 30 days to pay you.'* *'Trust issue is the major one and in this industry again, it's not what you know, it's who you know.'* *'Getting your foot in the door is half the battle.'* *'You are going up against big boys'.* *'I don't think anything can be really done but I mean would you really want to waste your time? That's the bottom line, I mean it's all in there and it's all about what you know and who you know and not what you know and that's the way it's always going to stay and that's business.'*

complete the tiling, have all walked on to site and handed my site foreman a card and said, 'we are looking for work'. Now you are telling me that doesn't happen on the site down at the brewery. Are you telling me that chippies won't walk on site and say, "Here's my card. I am looking for work". It's a lot of rubbish. The thing they are doing is they have got no clue what happens down at ground floor level. They need to advertise, right, we are coming to the Apollo Hotel in Birmingham on this date, can all builders who are interested in looking for work, attend? Simple as. If nobody turns up they are absolutely right. But if people turn up and people introduce themselves then at least the ball is in there court then. At the moment if they are telling me that they can't source minority builders there's a thing called the Asian Directory here, and the Yellow Pages. It's a big massive book here and a lot of people advertise in it, alot of small builders advertise and you are telling me they don't read that? Yeah, that's rubbish, absolute rubbish.'

The time taken for initial consultation and contract beginning is massive and minorities, we can't wait that long. By the time we get, you know, maybe a nod, we have

			probably started something else.' *'Diversity means to me like a spider's web. That's what it means. It attaches to different facets all interlinked at the same time.'* *'Managing diversity – that's the spider in it. A spider needs to build his web but he needs to attach it to different parts of the building so he needs to make sure he can attach it to that part and that part and that's available for him to attach, that's available for him to attach and then you work and you build together.'* *'Yes, they do if they want to. If they want to bring in. You see, going to a big company like the big building companies and saying to them you have to employ more diverse people, they are going to look at you and think _____ to that. You are telling me how to run my business? So if you said to them 'can you please employ the smaller building contractors' they will take that on board as a better way to do it rather than telling them to, I mean they can turn around and say what are you trying to say that we are racist and that we don't employ ethnically minority background workers? That's wrong and it will put them on the back foot*		

			straightaway. Then what they will do is they will send in their PR person to sit down with you and be sympathetic and 'you are absolutely right but we can't find them and we don't know where they are and we will try our efforts to, double our efforts to work with the ethnically minority downtrodden, you know, people and we will feel sorry for them a bit more and we'll have at our next meeting an Asian guy standing there in the background in one of our photographs just for you', you know, that's the way the world works, you know. You can't change it at the drop of a hat and it never will change.'		

DIVINE HOMES LTD

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
Divine Homes Ltd	*'If I went for a job and a white guy gave the same quote…and they had no knowledge of both of us..they're more likely to go for the English guy than the Asian guy.'* *'At the moment it is unfair because we're minority and we're ethnic and we are getting pushed out…and it's obviously got nothing to do with our qualifications or the fact that we're not capable of doing the work because we are capable of doing the work.'* *'I think, trust-wise…because it's a new thing we're looking at…getting minority businesses in with the larger construction companies…it's always a difficult thing at the beginning. So even with trust there's going to be a barrier there…to build the trust…like are they treating us right?..are they giving us the right work?...are they picking on us?...it's the whole bully thing isn't it….and you do have that when there's that new relationship anyway…it's like an Asian guy's kid going into a school full of white guys…they are going to be picked on for being the minority person. So I think initially you will have that…which I think is fine…well it's not fine, but you've got to deal with that and accept that…and obviously,*	*'They should try to bring minority companies into some of their contracts. I am not asking to give all that full responsibility, that all 100% of the contract to minority but at least bring them in even if it starts about 20-30% the contract goes to minorities and then it kind of builds up.'* *'They don't have obligations but if they are writing us off just because we are ethnic then I think that's wrong.'* *'They should in one way because obviously you are helping small businesses get bigger. It's helping the whole country on the whole…and it's helping the economy'.*	*'There are benefits for them in the sense that obviously, it shows that their company does look at minority businesses. Obviously, it gives their company a good name…that they're out to help the community, help build the UK in terms of helping small companies to grow…that this large company helped this small business build itself up to this far.'* *'In the long run it might be cheaper in that I think Asian builders are a lot cheaper than the other builders…this is what I'm speaking from experience I've had so far….so obviously they're going to save on money, so they're going to make more money for themselves.'* *'It would be fair because it's not like I've asked for 100% per cent of the business. It's kind of…it's still 50:50 so it's still fair. That's the reason why I did say 50:50 because you don't want to push them out as well because they need to earn a living as well. But it's kind of like at the moment it is unfair because we're minority and we're ethnic and we are getting pushed out…and it's obviously got nothing to do with our qualifications or the fact that we're not capable of doing the work because we are capable of doing the work.'* *'So maybe we do need something*	*'Maybe advertising someway, or some kind of campaign to let them know that Asian builders are out there and that they are fully qualified to hold larger contracts. Maybe, if an Asian guy won a large contract like on the new stadium for the Olympics 2010, then obviously that's gonna be media…the media's going to be related…so obviously, if they see an Sikh guy standing there..or a Muslim guy standing there…or an Asian builder standing there saying like 'oh yes, we've just built this'…then obviously the large construction companies are gonna think 'so Asians know what they're doing'…because obviously an Asian face next to a large building like the stadium…then there you go.'* *'It's obviously helping them working with minority businesses…it's like working with a different crowd isn't it…so obviously we're going to be working differently to how British builders work…obviously it's the same building work regulations but it's going to be different in the sense that there's a different understating… a different way of working maybe…because with like some British guys, they work Monday to Friday and or maybe Monday to Saturday…but Asian guys are willing to work on Sundays as well which is known as probably an Indian day. Like you know now that normally on Sundays shops used to be closed…but when Asians came over to the UK they would open their shops on Sundays…so now most shops are open on*	*'There are a few barriers because I think Asians are stereotyped to be unqualified builders. Like now, we're kinda stereotyped with the Polish guys because obviously they're new builders that have come in and everybody thinks they're cheaper and we're not really fond of them because they're undercutting our business, so I think out there, Indians or like Asians have a bad reputation probably spread by someone else because now, in the building trade, people are spreading bad rumours about the Polish builders, just so that okay, the Polish have come in and undercut our business and we're losing out.'* *'I think lack of experience might be another barrier because we've not worked on large contracts before.'* *'Maybe some kind of government initiative to help minority companies get into a big build contract like that. So obviously, Asian faces coming forward saying look an Asian guy did build something big like this. And, maybe some other new buildings that governments are building or that are funded by the government or by the lottery, where they go out and say 'okay, for this one we are going to use a minority company'….so you've got the face of an Asian who built this…because obviously that's going to build a reputation around the whole of the UK. Maybe it can be a part of the contract. Like if it's a school build which is funded by the government, then they include in it as part of the contract that you have to use a minority builder for at least 40% or*

with time that changes doesn't it?....like when they see that okay this minority builder can do his work, he does know what he's talking about then you build your own reputation don't you.'

'This is the image that I've got in my head…that I can see myself if I'm going to a large construction company that they're thinking that it's a first time I'm working with a minority company and he's ethnic as well and okay then…because they've got the perception already that 'oh yeh Indian builder, cowboy builder'…so those two words are associated already. So this is the kind of things as you're starting a new large contract you'd be dealing with this kind of stuff. So that's an obstacle there for you already before you've even started.'

'The fact that I'm ethnic that might be a main thing…and the fact that I'm a small company and I haven't dealt with big contracts like the Wembley stadium…that might be used against me.'

'Someone being excluded from a social event or a social talk just because he is different.'

like an intermediary organisation then if that's what the large construction companies are saying because I haven't turned down business up to date…I have got website out there and my contact details are out there so it's a matter of just going on the internet and even typing into Google, typing my company name and then you get my website address…I don't know what more I can do to advertise myself?'

'Diversity – something different'..

'Managing your change'.

'Their company looks better because they are involving minority companies so it's their reputation.'

'I don't feel they do. I haven't really said, I don't think they do.'

'They have got their set builders who have built up a reputation with them and why would they want to change? So there's a barrier there.'

'Managing diversity and equal opportunities? Do I think there is a difference between them two? No I think it's about the same.'

Sundays now aren't they?...which I think may have been influenced by the Asians. So, obviously I don't want to sit here and kind of say oh British people don't work hard because they do work hard, but I think in some ways, Asians go that extra mile. Because you know British guys are known to sit there and have their Sunday lunch, whereas Asians don't….which is probably bad for their family…but it's good for their construction company'

'They need to spread they're programme so it's UK based so all minority businesses get a shot at the work. So if there's work available in my area, making sure we get to find out about the opportunities.'

'I think it's a good idea…initially at the early stages of my business it's a good idea…but you don't want it to be a permanent thing. Because, you're not using an intermediary organisation for a British builder are you?....so why then do we have to have special needs?...why do we have to use an intermediary?...why do we have to pay fees to join an intermediary organisation just to find out about contract opportunities? So, initially okay…because there's an issue out there, maybe at the beginning stages you do need a middle man to kind of let other construction companies know that there are minority builders out there and maybe that's the only way that we can get hold of contracts at the beginning stages. But I wouldn't want it to be a permanent thing where this is going on for another 20-30 years.'

50% of the build. I think at the beginning it's always going to start off like that, so the government's bringing a part of it's contract to sub at least 40/50% of it to a minority company…but then after a while, it will just become practice because obviously at the moment, larger construction companies don't have any contacts with any minority builders. And then after this initiative has been built in where they have to sub a proportion of their work to a minority company…you'll build that rapport with a minority company and they'll automatically start using you once they know how you build, how you work.'

'It is always hard at the beginning…you do have to go the extra mile to prove yourself because you're Asian…but once you've built up a reputation out there then people do have that trust in you. So, large construction companies will have the trust in you that 'okay, we can trust these guys'.

'In relation to jobs that I've had, I can't see why they wouldn't take me on…because I have dealt with like double storey extensions'.

'I think you fall into a practice of using the same builders...that 'okay I've used these builders before, why would I work with someone else?'…if something's not broken why fix it?'

'Once you build your reputation and your trust in a certain builder you'd want to stick with them. So I think the construction, larger construction company would think, okay you can do that before, it's such a large contract so I do not want to mess it up, I am happy with this builder, why would I go

				'Just to get our name out there…I think that's the only purpose of it…to let larger construction companies know that minority builders are here and that this is what we can do. It's just a form of advertising really isn't it…that's the only thing they could do I think…because I wouldn't use them for anything else. I wouldn't want to turn to them for advise in anyway because I'm the construction company, I've got the qualifications, and I know what it takes to be a builder…what I need to do as a builder because obviously if I didn't know that then I wouldn't be a builder. So, I've got all that with me now already, and the only problem we're having now is the larger construction companies don't know about us…they don't know how qualified we are and how much building we can do and what experience we do have. So, the middle person would just do that….let them know this company is out here, this is the qualifications and experience it's got.' *'Well, for minority companies I am not sure what else can be done because we are going out there and we are working right, well I know I am working right. You are doing everything to standards to the law and I think that if things have got to be changed, I think it is by the larger construction companies… they have got to actually think different and think okay, let these guys in and give them a chance. For me, I think I am doing*	*somewhere else?'* *'If I was going to get a contract with a large construction company, I would know that I have to go the extra mile; I have to be competitive on price…because they're thinking..okay, I know I trust this guy and I am going on a risk with this new minority builder and I have to make it worth their while…so I would have to make it worthwhile for the construction company to take me on…I'd have to be comparing different prices and I'd have to work the extra mile or do those extra little things literally with them.'* *'There is nothing that we can do; it is something that the larger construction have to do in that they need to let us into their door, open their doors to us…but if they have got a bad image about us then why would they let us in? Then I could try as hard as I can and I am not getting past the doors.'* *'I think it is coming down to perception, yeah, because obviously they've got a bad image of us some way, and that is why they are not letting us in, because apart from that I don't see why they wouldn't let us in.'* *'If I walk in, and I am an Asian…straight away there's minus points there. You have it straight away…the buyer's kind of started to make a decision straight away so you are weighing more towards not giving the contract than you are to giving us a contract.'*

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				everything right by following standards letting the qualified, accredited people work for me. So to me, I think I am doing everything right and I don't think why, I can't think why a larger construction company wouldn't let me in.'	

A1 GAS FORCE LTD

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
A1 Gas Force Ltd	*'We just get left to the side.'* *'When I first started in the construction industry it was hard for Asians'* *'It's slightly harder for us. It is, yeah…it's slightly harder to get your foot through the door.'* *'It's down to your colour…it's slightly harder to get through the door'.* *'We don't deal with the bigger companies so we don't really have that problem.'* *'Of course you have to work harder at trying to win contracts…even to get your foot in the door, and once people see what colour you are, you know….I've experienced this…I've been in the industry now nearly twenty-five years and it's always been extremely difficult.'* *'There's definitely discrimination against Asians and that's why I call myself Joe so when I answer the phone with the name 'Joe' people don't know that they are dealing with an Asian guy.'*		*'To integrate.'* *'To have someone overlooking integration.'* *'A pretty big problem is government grants where there's a company called EAGA… it's government run and the government give them the contract and customers can get anything up to £2700.00 off their heating system. The problems companies like us face are EAGA have set up independent companies and EAGA are making sure they are the only ones that can give out the £2700.00 vouchers and the smaller companies like ourselves…are only being offered the £300.00 voucher system and what they are saying to us is it takes you months and months to get onto the system but I don't know of any Asian engineer in Coventry who is on the £2700.00 voucher system…they are just waste. Now we have tried to get on to the £2700.00 voucher system but we just can't seem to get on it so lose the bigger value work.'* *'More awareness of the fact that there are tenders going out and that's what we need. We need the councils and these housing associations to approach us and say…you know, it doesn't take ten minutes to write out an extra fifteen letters to send them out and say… it would actually benefit some of these housing associations and the councils because they could be getting the work done at a much cheaper price.'* *'They could do that by probably getting rid of some of the stuff that they've got that don't let the minorities into the system. That's where you'd start.'*	*'It is something that we really are looking into. We have never been shown the right ropes into the area, always thinking that the bigger contractors have got the contracts and it's never advertised, it's never in the local press saying that we can tender for this contract. So there isn't the advertising done to let the smaller companies know that there, yeah there is a chance to tender for work.'* *'It's the competition with the bigger contractors and it's actually getting to hear about these contracts that have gone up for tender, you know, you don't see them advertised, you don't hear about them on the radio, there's nothing in the local papers.'* *'What they should do is the councils should actually write to all the businesses in Coventry…. it's the council that receives the government money so they should actually write letters to us and say look, there's a contract going out for 200 houses that need central heating and help us tender for them for that type of work.'* *'Well obviously, I think it will all boil down to getting the work done cheaper… rather than using the same contractors they are using all the time. Just give the smaller business a chance to try and expand.'* *'They should have a database that's got a group of companies like ours that they can speak to and say look…we've got so and so many contracts going out to tender so they shall have a database of all companies and not just a group of companies that they are used to working with. They need to have all of the companies there basically. Everyone else knows so everyone else gets a fair chance*	*'Of course they should. They should give the minority, small businesses like ours chance to tender for these contracts. We don't hear about these contracts. We don't see nothing in the press…we just hear that so and so company has won this contract and they… you know… I don't know how they win a contract.'* *'Communication, you know, just communicating with us properly.'* *'You've got to try harder. You certainly have got to try harder.'*

				in trying to win that contract.	
				'Oh brilliant idea, yeah.'	
				'Well, the stepping stone…the biggie first is to get us on the database. Once they've got us on the database we can go from there. Obviously monthly meetings and just making us aware…you see, they have only got to make us aware that there's a contract…that this contract is going to go out to tender. The rest is down to us. It's as simple as that, you know… and the intermediary… if they can make us aware that there's a contract and let us know the details. The next is down just to get a price together and see if it can fit. It's just having a chance. It's just been given that chance, that's all we want, just that chance.'	

ATLANTIC JOINERY SERVICES LTD

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
Atlantic Joinery Services Ltd	*'I rather stick to smaller jobs… if I go and employ more than five people in the industry, in the workshop…then I'm going to find I've made a loss…I am not going to spend £100,000 on the machinery updating and all the costs for policies just for the sake of it. So I am keeping below five employees...purposely to avoid all the hassles and costs.'* *'Obviously if I can't accommodate their demands, their needs, I am going to let them down…it's no point me coming into that.'* *'I am more than happy at Atlantic Joinery business. Atlantic Joinery… nobody knows who is behind it. Nobody knows until they come up to have a look at the door notice…if I am not here Susan is there, they do not know the difference.'*	*'No, I don't think they have any obligations towards us'.*	*'I don't think the bigger companies will change their act …because what's happening recently is that all the main big contractors have amalgamated. They are getting out of sort of four companies and they are coming under one flag. That…and their teams, they are picking and choosing. Then they are going to pick and choose their contractors because they have been there…bringing their team along with them and that is the difference that will count. I don't think they are going to try new people, I would say.'* *'No, I would think if they want to they can look for us and they can find us and they can find our business anyway. Yeah, they can.'* *'They are there for their own pockets, right, and whatever the grants, the money they are getting it is going into pay pockets not my pocket. They will not help me out. I have tried that. I know the basic Asian communities here.'* *'From their point of view, they obviously think of you know, the future contracts in the end. If we are doing one contract the bigger company is probably doing three or four contracts with them, right? And one contract comparing to the other three doesn't help them because they might get better what you call it, profit margin or, what do they call it, 10% discount on them which I won't be able to give it to them.'*	*'Most of the big buyers, they will not go into that. It only starts in the early stages… the architects and the quantity surveyors…they prepare these things. If they did something in the early stages…the beginning stages…then the contractor – they cannot move. They will have to give us a chance if our name is included on their list.'* *'It can be achieved if there is somebody in our minority community or in our field to go around and see the architects and put our name forward. But then again, you have to have a lot of money to do that…. I got to employ a rep and the rep will have to go down. I got to pay £40,000 plus a car to him…and we haven't got that much profit…we are not in that margin. And nowadays, there are architects in the field of Asian and other communities, who know better we are here and they do use us and they do put our names forward'.*	*'I will go out. Susan is here. She can handle the office side while the workshop side it's my father's responsibility…and obviously it's the language problem…but on the other hand, timber-wise my dad can handle anything timber-wise. He can understand the problems of whatever…but it's the communication.'* *'Let's face it, that grants and the granted areas…they know about us but they will not give it to us because they wanted more, what you call it, back from us, right?'* *'But this is where the bigger institutions, they are playing. They are getting it. They are spending it somewhere else. They are not coming my way.'*

			'*We do a lot of private work. Contractors… we won't touch them because there are restrictions with the contractors. They ask for all the certificates and everything, safety and health. I have to spend too much money and everything, I said no, forget it.*'		

DHALIWAL CONSTRUCTION LTD

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
Dhaliwal Construction **Ltd**	'*Actually I didn't try for that. I thought well, can't reach to the company. So if somebody put me forward then I would do the work. I didn't try hard. I thought many times I want to do that, I want to do that.*' '*I try to hold business up…I've got many things to do and can't stop. I am doing what I just did in the start…and so are a lot of Asian businesses…they just are running around and around doing the work they get. They don't try to go forward with big companies.*' '*I think time…if you can change with the time you can go forward and don't stick on one thing. But, it's happened to me as well because we are doing mostly extensions. I never go forward. I never try to.*'	'*They don't miss out but it misses out for the small, you know, for the ethnic minority company because they don't get the exposure. It's not so much from their side looking down, it's from the small guy looking up.*'	'*If I get in…because of what I am in today and my experience...I can do it properly for them… I can try to make it better quality.*' '*I think I can do it better for them. At the starting I know they have got, with the council…they will give you small jobs… then they can give you more when they see they have better job done.*'	'*So that we can get an opportunity to go forward. We can show them what we can do as well. We feel that they will like what they see and the ways that we can do it as well.*' '*We don't know how they advertise ...or the council or something can better do advertise in a way which we can know in the paper or something…or any internet website or something that we can find.*' '*Consulting….they can send us like a letter, like job sheets so that they write down about their demand…then we can make a price ourselves. We can fill it and give it back to them with a quotation. If they have a few calls, like three or four calls with the lower prices, when they decide who they're giving work to they can call other three which ones were higher or they can send us forms back with feedback to show the way I am running my business…so I know for next time*'.	'*Yeah, because we always say we try to find but how am I going to reach to them?*' '*If they can advertise in our community magazines that can help me find them*'.

MARWAHA CONTRACTORS

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
Marwaha Contractors	*'It's racism. On most sites we go, especially the bigger sites, we definitely, definitely incur racism and it's not so blatant in your face, but it's there.'* *'He started on us and he started on another black kid. He never started on the white blokes. There were plenty of other people he could have started on, now why did he choose to start on us?'*	*'They are never going to take their responsibility seriously...they don't care about us minority businesses'.* *'They should treat us fairly and let us know about contracts in our area'.*	*'I think if you have got, if you are dealing with women-owned business for women's hostels it would be fantastic if the large companies looked at employing women contractors. It's just like Asians are used for dealing with elderly people's homes that have got a majority occupancy of Asians, you know, but it's trying to find women, small women companies. But I think the problem is has always to do with bottom dollar. So where it would be nice to bringing a woman, a company which is run by women as in women employees and if the work is too big, it's somehow being able to do it in such a way where you could kind of bring in women to do a small element of the work but you know, the construction industry is a male-dominated industry and it tends to be a case of the larger with the smaller.'* *'Diversity, just it means not being fixed on point. It means being open to everything., I mean as a black contractor if a woman came to us. If we said oh, she couldn't do that job because she is a woman. Well that's no different to a white contractor saying they can't do the job because they are black. So for us to be diverse would be to take on women, young workers, old workers. It's to be open and willing to be exposed to everything and also having that within your organisation. I have been working for all happen to be whites or happen to be black, or all happen to be a certain age, well yeah, I am diversifying one side but on the other; it's also putting it into practice.'*	*'Just give us a chance....don't look at our colour...look at the quality of the work we can do...my guys will do the job quicker and cheaper than the big boys'.* *'I think if you are setting up, you know, it's a fantastic idea or if you are looking to expand, I mean if we were looking to expand and we knew that the work was there, yeah then it could be something we can look at.'.* *'If we are put into touch with, being put into contact with organisations who are looking, who have got contracts available and for us to be able to have the opportunity, and you can put the intermediary company for then to give us advice on how, what we need to do is to be put in a position where we will stand a good chance for being able to successfully tender for a contract and maybe be the ultimate winner.'*	*'You are only a worker for them.'* *'They will use you and they will give you repeat work. But they will never let you get a step in with them that you take a bigger contract'.* *'Yeah. But like I said it's also getting companies when they are at the small stages because like I said most large organisations they all did start from one-man bands, the smaller companies. It's working with them to bring them up so that you can employ, you know, you can, give them the skill sets to be able to put themselves in a position where they can look at the larger works. You tend to find that a lot of smaller companies, the one-man bands, people who have got two or three, they are happy at the level of work they've got and it's quite daunting to do the next step up because of the financial outlay. I mean, you know, at the end of the day, when you take on more employees you have to find their weekly wages. That's always been the problem'.* *'I think so. I think we do. On that score of things I think we do have to work a bit harder than everybody else because it's easy as an excuse to say oh gosh, you know, they are crap; they are Asian...bloody Asians they are and so that's what we try to instil into our workers to say that you know, when you go out there you are representing the company and it's not just yourselves you are representing but us. And it should not have to be like that. We should be taken on our merits of the work we do but you know, really it's not the end of the day. We know it's not always going to be either.'*

M & M CONSTRUCTION LTD

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
M & M Construction Ltd	*'The negative part is if you don't have a good working relationship with the housing maintenance manager then that can affect the amount of work you are given. So if they decide that, you know, if you've got somebody who knew who has come in, they are going to have some pre-conceived idea of what Asian construction companies are like so then generally what can happen is, which has happened to us a few times, a new maintenance manager will come in, he will tend to stick with the white construction companies, which will then mean our work will drop off and we will not have as much as we would normally have which then causes us problems.'*		*'I think it has to be an industry-wide way of thinking. If all the larger companies look at doing, taking on smaller contractors then it will probably come into force more easily than if only one or two of the large ones try to do it. But somebody has to lead the way but also it's having maybe a register of small contractors, because I mean the small contractor isn't going to be able to put his name out to the larger guys but if there was like a registrar of small companies, you know with less than 50 people. But what you tend to find like especially in the construction industry and in the plumbing industry, most contractors are one-man bands. It's disproportionate the number of one-man bands in the plumbing industry. So I think I believe something like 70%, certainly 60% of most plumbers are one-man bands or companies where they only have two or three people. So they are not going to be on the radar of the larger organisations and even if the larger organisations do talk to the smaller companies, what type of work you are going to be able to give to a one-man band or a two-man band, and if you are looking at developing 60 properties on a new housing estate, you have got to go to the medium sized builder.'*	*'I think it's like trying to move away from that mindset when they see, you know, there's some people see Asian companies, even within the Asian community, they will have that, they will have that pre-thought which is that guy is an Asian, you know, is it going to be done professionally, is it going to be done to standards?'.* *'So yeah, it's great, you know, we join the organisation; they put us into contact with large organisations and for a couple of months we get nice bits of plumb work and that keeps us ticking over but then if it suddenly dries up or they decide well actually we are not going to do that then what do we do? I have taken people on board, you know, what are we going to do with those you know, it's unfair to bring them on and take them off. So we tend to stick with and I think this is why we have stuck within the area that we have stuck with because we know it's a sure thing.'*	*'Then struggle dealing with the older Asian families and then they will use us and then from there we will then have to start building up new relationships with the new maintenance managers because then we were shown that yeah, we can do good work and then when they reflect on that they will think 'oh okay, yes, right, they are not how we perceived them to be or we will have past experience of what past Asian construction companies are like' and then we can build up from there but we have found that yeah, every time a new construction manager comes in our work will dip. It's not happened once; it's happened several times.'* *'What you do also tend to find is that sometimes because we are a smaller organisation we don't get treated in the same professional manner so they will say to us, okay, can you go over to this place and move office supplies? You know, or move an office for us, you know, move furniture for us? Well, you know, we are under the impression that is something they won't ask a larger organisation do that, but because we are a small organisation, oh yeah, you know, they will do it, they will do it, it's not a problem; and even if we don't want to do the work sometimes we have got no choice because we know that to keeping good faith with the housing association or that particular person who sends out the work, we'll do what he gave. We've got to do it'.*

NS PLUMBING & HEATING

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
NS Plumbing & Heating	*'I think we get excluded a lot….they just look at us and think that's a cowboy Asian company'.* *'They stick to their usual listed contractors and we aint got a chance in hell mate'.* *'It's proper gutting cause I'm desparate to expand my business but it aint gonna happen if they don't give me a chance'.* *'It's like they've just got closed door to us every angle we try and get in'.*	*'I don't think that they think they have any responsibility towards us…you know what I mean like…..they got their usual contractors and that's it'.* *They should take their social responsibility toward s us smaller business more seriously as its our livelihoods.'*	*'Yeah, I mean obviously it's always nice. If you do feel that you can have the opportunity but I think it's more, it's less an issue with them, I think it is more of an issue with us, the smaller organisations, being able to grab the bull by the horns because the mere thought of you know, dealing with a large organisation and you will be kind of frightened for the type of work they are going to give you because it may just be too much work or too large scale.'* *'What you want is you want medium sized organisations passing the work on to smaller organisations. Large passing it down to small, just isn't going to happen. Yeah, but I think medium, yeah, like I said medium sized organisations, they are better suited to source work for the smaller organisations.'* *'Managing diversity, okay. To manage diversity would be to make yourself aware that you have to be diverse. I think it's most important and once you are making yourself aware that you are diverse, it is trying to implement that so that you put it into practice because like I say, we can all say yes, I am open to all different people of colour, creed, skin colours, religions, faith, but at the end of the day it's not just, wouldn't be enough for me to say it, I have to put into* practice – working practice.*'*	*'I'd be nice to know they are doing something and want to work with us cause I'd love to have some contracts with the bigger companies'.* *'I just have no idea of who to contact or where you find these contracts'.*	*'Yeah, I think it's capability issue and about the way you feel comfortable. There are some contractors who I know are just happy to work within the Asian community because they know what they can get away with, what they can't get away with, because there may, you know, their family is known to those people. So it's just like they know that if they make a mistake it's okay, don't worry about it and then the idea of working for say an English person who may be a bit more strict about how they want work to be done. They want you there 8 o'clock in the morning, want you to be gone at 4:00 whereas if you are dealing with an Asian person and then you say, well actually I might be here till 7:00 in the evening and then I am going to come back on Saturday and they say, okay, don't worry about it and if you need to stay, you stay safe.'* *'Ddealing with an English person they may be more fixed in what they are looking for so they may say, actually well no, I want you here at 7 o'clock because I leave at 7am and I want you gone by 4:00 and I don't want you here on the weekends. So then they think well actually I am more comfortable with just dealing with people from my own community because it's so much easier to deal with them when things are not going to plan.'* *'They haven't had exposure of working with an Asian company and just have some preconceived ideas. I mean we all tend to have our own preconceived ideas.'*

DOSANJH BUILDING CONTRACTORS

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
Dosanjh Building **Contractors**	*'I have also realised that, I mean my own personal opinion is that when you have companies who don't associate to being Asian they tend to do better or they have a better reputation than if you know it's owned by an Asian guy. There's companies out there who you know, it's been brought to your attention that oh it's run by an Asian person and you'd be thinking oh, because nothing about the image of the company gives you that impression it's an Asian company.'* *'We have tendered, we have put our names forward for a larger organisation but we have heard nothing from them. So it happens once or twice and you just give up. You just think it's not worth it because of the time it takes.'* *'Really we should be taken as a company who happen to be ethnic. I don't look at a plumber and think 'oh my god, he is an Indian who happens to be a plumber'. I look at him as he is a plumber, firstly, foremostly he is a plumber who happens to be Asian. Then I think oh can I use him?'*	*'They should let us in..if they don't let us in that isn't good'.*	*'All the big companies these days work with everybody…doesn't matter what colour you are...so they should let us in and give us work too…we can do very good work'.* *'I think that the construction industry is still a very much a white-dominated industry. For me to think any other way I think would be wrong and because a lot of the people who are putting out the work tend to be white middle-class management, it's what their exposure is, and if they have never been exposed to the small Asian one-man band he is not looking to go down that route. It's helping that there are lot of Asians that are getting into the construction industry, not just on the building side but actually in the office, the architects, quantity surveyors; but again it's still not enough for us to think that okay we are going to get a fair crack of the whip'.*	*'Yeah, I think a positive action scheme is definitely worth considering but I think they also need to be aware of the size of that company, like I say, most black contractors I have met tend to be smaller outfits. So they may be looking at what work would best suit smaller organisation, smaller contractor rather than thinking well okay, we will put it out to tender and now you know, you can come up with the right price. Can you deal with gas servicing of 3000 properties in a year? Well it's not going to happen. But what they could do is, which is what some housing associations have done, is they have split the scheme of works. So say for argument's sake there is 2000 properties and they are looking to tender that work out for gas service, what they may turn around, what has happened or what they could do, the larger organisations, is to say well, actually we will split into two smaller areas. So it will be two groups of a thousand, does that now open it up to some of the smaller construction companies or smaller black builders because if you can do the logistics on it yeah, a thousand is feasible, two thousand is not. That gives an exposure then to smaller organisations.'*	*'It's tough. It's trying to get a professional image across is sometimes the hardest element. If you deal with individuals then obviously you know, most people want the cheapest job, they want the cheapest price but the best finish.'* *'The biggest problem is getting our foot through the door.'*

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MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
PSJ Building Contractors	*'I think there are a lot of cowboys in the business and we see them on TV. A lot of people think after watching programs and reading books, they think that they can do building work so they come along in the domestic market and say 'oh I can build the extension. I can do this', and then they don't do the job, take the money and run away and then that sometimes tarnishes the rest of us.'* *'Look, the construction industry is such that people work with people they know and trust and like so you can't change that.'* *'That's bullxxxx. So cut that...you know, here in Birmingham we have got an Asian directory...it's open and available to all. We've got the Yellow Pages....you've got Chamber of Commerce.'* *'When I was younger. I was going on site, as a contractor....you'd have difficulty finding contacts and getting business.'* *'Sometimes it is because your face don't fit and the jobs I did get was because one of the family members or friends were on the site and then they'd invite me along.'*	*'It's up to them isn't it?...It's up to them how they want to engage with their corporate social responsibility.'* *'In my opinion if you are going to come into a community and do a big contract, you should have responsibility to that community and that means employing people from that community and that might be minority and non-minority. It comes back that building schools for future I was telling you, you know, if they are building schools say in Lozzells, then it would be good to get all the trades from within that community.'* *'The only obligation they have, if anything, if they going to do a job on my doorstep, is to be aware of me and by giving me a chance to do it.'*	*'How you manage the difference'* *'They probably do more than I do..because they have to, don't they? You know what, really, truly....I think they are trying to win contracts, especially government contracts...they probably have to do it throughout...they could probably lose contracts.'* *'It's probably down to them. Like if you ask the question on me in when I do a building job, do I think someone should tell me that I should have x, y, z people working for me, I wouldn't like that, because at the end of the day I have got to do a job and I have to pick the best people for that job, no matter what colour or background they are and I need people I trust who can do the job in the set time.'* *'I think if you want to get people to honestly do that they have to have faith in those people to be able to have the skills and ability to do the job of a high standard and within the time allocated.'* *'Don't be scared of being involved. Be aware that if you are building things for diverse communities, get some diverse builders in so that you can understand the need for that community. Come out and see us. Basically come out and see our work, you know, understand that our level of, there are quality*	*'* *Its good to get some kind of communication like emailing or phone...texts are okay, There are banks sending me messages via text of my account, so building contractors can.'* *'I think there are two ways – one, we need to understand better what is required of us and how to work with these people, and the companies have to understand that we may not be able to meet the required insurance levels or required staffing and or have the qualifications, and the certain paperwork that they require.'* *'You've got some of these big boys trying to build holiday homes and other properties in different countries. So imagine if they, you know, if you say India is a growing economy, yeah labour is cheap out there. You can get construction done there...but who do you use as the person that's going to be the in between?...it would be good to use us. We can go out and know how to manage those building processes. At the same time here, you could have say, people are going to be building Gurudwaras, Mosques and these places of worship or places which represent or support the minorities...they could have ethnic minority builders involved'.* *'We had a carpenter who once worked for us who had come over from India...and he could make frames from scratch, window*	*'I presume I'd have to go to one of the sites where they are building or through contacts who are contractors like myself and see if there's anything out there.'* *'Yeah, the level of insurance. Problems in getting the staff, time and sometimes it's a price thing as well. For me to work with one of these organisations I'd have to go and find the site that they are going to be building on and we tend to find out as soon as they start, you don't get to hear about it beforehand. You are too busy working; you have not got time to go out and read a paper or anything.'* *'My understanding is, if they have some kind of indemnity, mine covers for me and what I do on my little bit, but if you go on a big contract then you take on the responsibility for the whole of the place or some you know, sometimes it's difficult to get that money together to pay for that increased insurance. It's not always good. You know, you can justify it after you've got it, but sometimes you've got to spend money to book these guys. So you can go in with the big contractors through another subcontractor who employs you as a subcontractor, but going directly sometimes can be expensive.'* *'On the contract side and the commercial, people tend to use the people they know or have trusted with a regular contract. So you need to overcome that barrier to go in.'* *'Look, the construction industry is such that people work with people they know and trust and like so you*

'My ethnic background… Asian builder. Sometimes colour but not really like you know, thought about it…if you don't get one job, you move on and you get another job'.

' I mean there's all these processes but in the end of the day nothing is done. There's a lot of things too for the council…old companies they use if they win a contract…they just get on to the job straightaway. You can't spend time recruiting.'

'If you are coming to Birmingham to do a big job in the city, you should be able to engage with Birmingham city council to say if you got the contract with them….it would be in your CSR programme that you would engage with local communities and we are doing the work.'

builders.'

'If I was going to go to a large organisation I'd want to see them see me as a quality builder not as an Asian builder because that way I can win more contracts but if we embed in their mind that we are only good for doing the ethnic minority jobs then we are losing out on the bigger jobs. So I want them to see us as a quality builder. I want them to see us as a normal business, as a supplier of quality building services.'

'The large firms have probably put a lot of money into getting the contract. They have invested a lot of time into it and so they need to pull in people that they can trust that will deliver. So my understanding is when these guys go out to tender for these big jobs, they must have spent a lot of money preparing for that and what they can't afford to do is take risks or test new partners or new suppliers and more likely they will go with the ones that already exist because they know that they would deliver so then what they have to lose is their contract or their job. It's not about being Asian.'

'I think what we do need if anything is more people within the bigger firms, the big contractors, more ethnic minorities working there so they can champion our cause or they can recommend us.'

'They have got the contracts and they are building schools, refurbishment in a places like Lozzels, which predominantly are actually minority areas…you know full of Asians and black

frames, door frames, you know from pieces of wood because nowadays, in the current industry here it's all pre-produced and you bring it along and you tack it on the wall. This man could build things from scratch and those type of skills and abilities, there's not much in this country but those who can do it are charging higher rates because they know there's only a few people. We were lucky to get him on a normal rate and he was building stuff for us.'

'I would like to at least have an opportunity to be able to prove myself to these big contractors. So if they are aware of us, they have trust in us, so if they do need us, they can call upon us. But I wouldn't want to be felt that I was put there.'

I think people need to understand that we have skills and ability. Back in the day, my dad and my uncle they all used to do woodwork, you know, chippies, carpenters on site and they used to work with the Irish. We were doing the woodwork and we were known for that and respected for it… but I think as time has moved on, not many people want to get into the trade, it's all being pushed towards computing and doing this and doing that. So you are stuck with cowboys and you don't know if they are Asian, Polish or whatever. There's limited trades. So it's a matter of getting a level of quality back and being aware that you can find good quality tradesmen not from necessarily Eastern Europe, but from home grown, no matter what your background is.'

'I ain't got time to do that because in the end you're taking a day out. If I

can't change that.'

' I mean there's all these processes but in the end of the day nothing is done. There's a lot of things too for the council…old companies they use if they win a contract…they just get on to the job straightaway. You can't spend time recruiting.'

people but they don't seem to be taking people from the community. They will be taking contractors...so things like that would be good. If you are going to go and build something for the community and with council money it will be good to get local trades in and not just ethnic minority but local people, be it black or white, Irish, whatever..Asian, yeah. If you're from that locality you take part in that contract.'

'Get their jobs done on time... you have quality.'

go and pitch, go to an event and then pitch my business, I'd rather just say okay, here's my details, it's on a directory, in the evening come and see me. If I spend a whole week to prepare for that and to attend a supplier diversity event, there's no guarantee of work...and in that week I could go along and see some, you know, a local shop needs a hand, a house down the road needs an extension, now the weather is going bad there is roofing work, the tiles missing, leaking roofs. They can represent us. They could champion our industry. That's where there is benefit but they have to understand that we are trying to sustain ourselves, trying to make our money and it can distract us from that. It's not good.'

'It depends on the benefits. Could say well, this is your membership, we will take care of everything...we will represent you....we will do this, that and the other and help the company get the contract, fine. ...I would pay for that. But if you are found paying them just for a list of names and numbers then I'd rather be looking for everything myself. Yeah, but then who else are they going to do that for? There will be me and about ten others. Exactly. So I am paying for someone to get me involved with competition...it doesn't makes sense? If I wanted to go and compete I would go and compete on my own...there's no point in me paying you to put me in front of someone when you have ten others in the same room. If you are saying well guess what, you pay this much a year, and we're going to put you in front of this company, and put all of the other members in front of the company, I don't see the benefit in

				paying for that.' *'I think what we do need if anything is more people within the bigger firms, the big contractors, more ethnic minorities working there* so they *can champion our cause or they can recommend us.'* *'You can put a big sign up saying "subcontractors wanted for this, please contact". But then again, if they are getting the money say from the council to do the development…then the council should say these are our recommended builders and contractors that you should engage with. So then if the council would have set a time table of building work, you know, then we could say then okay, if you guys are going to engage us then we will keep that free but you've got to let us know about the state.'*	

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
EAM Ltd	*'I have struggled…barrier is a big thing…specifically racial barrier. It is hard sometimes to be specific about it because it does not always present itself in that way and you should know, you perhaps might know being a person of colour. Often you apply for a certain situation and you just don't get it because you are probably encouraged at the onset and then you just don't seem to get any further and no matter what you do. Sometimes no matter how many calls you make people just do not respond. But public sector to me always have a much fairer way for you to apply and you are on it periodically to get on pre-qualification to get on the tender list you know it is an open and fair system in our newer sense and hopefully it is much fairer than the private sector side. It is not that your face fits but you tend to make more in roads in those sorts of situation.'* *'The majority of the people I employ in this industry are men joined from the white working class pool and it is very macho and even along the professional levels there is a lot of allegiance that goes with that. Anything different to them is not welcome and they will rather close rank than let you in. There is that sort of old boy behaviour that exists. You have to fight to get in.'* *'When you are starting off if you are a person of colour, or of a minority background and you don't have that network of contacts initially so you rely on the fairness of the market place when you apply for your*	*'There are moves that were driven through the treasury for public sector procurement to move towards more efficient ways of procuring and by efficient they mean also centralizing work with fewer suppliers directly. Shift from directly contracting the small and medium sized companies are causing massive and sort of acute problems within the market because what you would find is that a lot of major companies which were largely sort of after the end of 1990s and early 21st century, they were having problems and they were just managing organisations and they just employ managers and they might have an agent and a number of subcontractors and that was the structure that they employ. But some of those employers are certainly been given a lot of work in reality and medium sized companies which I believe are the drivers in the economy they employ more people, as medium to small companies employ more people and that is where the employment is being created. They train and they do all of those things and certainly all of that seems to be all out of the window for efficiencies in procurement. Going with these larger companies and they was the theory working on the basis that these companies trickle down economics that these companies will engage smaller businesses as part of their supply chain and therefore you get business from that. The theory only works for a certain level. It is then up to the employer which is the client to monitor and ensure that good policy*	*'As a business, the majority of the models that you see in play are that they don't engage small contractors because smaller contractors are always perceived as a part of the supply chain further downstream. They are not part of the major thing and that is part of my disappointment actually.'*	*'There are a lot of unemployed black people out there and I do not see any initiatives and any efforts being made towards addressing the shortage of employment and the capacity that exists. So I do not see any of those sort of initiatives that tell me that it is serious and I think we tend to respond and react to being pushed rather than proactively trying to solve some of our problems.'*	*'I shy away from relationships like that because I have got many a colleagues who run small businesses who have gone in purely as subcontractors to major companies and they get into disputes and those companies whether they are right or wrong always end up losing because that is the serial nature of the industry. What we find is that large companies whether you know if they have to make money back because on the tender they have gone lower or whatever they squeeze their subcontractors and if they force a dispute with you, you could end up going out of business before it even goes to court…because they have got the lawyers and everything on their side. They have got the resources to take you on and they can drag it out and so you end up settling for less. So, I always have been extremely cautious about walking into those relationships and so we function primarily as the main contractor instead of a supply chain sub contractor.'* *'Main challenge is to cope really through and it is mainly through finance. It has been a big problem for us because largely your assess and you are limited by the time of contracts you can have based on your financial position. Because people always assess your financial capacity and that demonstrates your ability to cope financially and if you have got decent reserves, then you are more able, not always based on technical side which makes sense and the point but that limits the way you can go for, largely and broadly speaking and particularly when you go within the public sector*

	selection for work and you rely on that because otherwise how you are going to break in? Often what you find is that the network takes over the situation and even when you try and force your way in I do not think that it works.'	*prevails and that those companies are also acting in a fair way in the way they recruit companies to their supply chain.'*			*realm but when you move outside that in the private market within the private commercial market you can find that you can be very financially unstable but because somebody likes your face you can be given a very big contract which you have not the capacity to deal with, but you seem the nice guy.'* *'Vast majority of our clients are public sector. I prefer to go for that I think they account for a fairly larger part of the market. Not only is that you see the other thing is that when you work the majority of the public sector organizations tend to employ more of the professional sort of construction management to manage their contracts or their estate and therefore we find that there is a certain professional behavior that goes with that and there are standard form of contracts and standard ways to preparing documents and everything and so you can have a standardized approach to that. When we go out and say that if you work while I will never want to go to the domestic market and I would always try and move away from them and the thing is that it is so fickle in many ways that there are so many variants in working with that market and it is very difficult for ourselves to operate and operate very efficiently and effectively. So I find that for instance, I will have a foreman that manages a site that works in a certain standard and certain procedure and practice that goes with that and from one contract to other it remains almost the same though no two jobs are the same and that is what I mean in terms of technical requirement but the structure for delivering them is very similar. So it is much easier then for me to manage.'*

AJB WOODWORKING LTD

MINORITY BUSINESS	SOCIAL EXCLUSION	CORPORATE SOCIAL RESPONSIBILITY	MANAGING DIVERSITY	SUPPLIER DIVERSITY	BUYER-MINORITY SUPPLIER RELATIONSHIPS
AJB Woodworking Ltd		*'It is always nice to know that a company is doing their best to help other people out in the area or trying to add to employment.'* *'I am very confident that my product will be that good that we will be able to export it, very much so. It is going to be very beneficial for our company and very beneficial for Leicester itself, because hopefully we will be able to grow such a huge size that we will be listed as one of the largest firms in Leicester. We would be helping out with the employment and looking after as many people as we can. It is going to be the most successful part for the whole thing to be honest.'*	*'They say sorry this joinery company makes our joinery so it is very difficult first for you to get in. But I think if we can show how good we are and what we are all about and we can put the point across that we are completely different from every other joinery company, I am so confident that the larger companies are going to be bending over backwards to try and deal with us. Really actually we are in a different position to the other minority businesses because there is so much more that we can actually offer the other larger corporations*	*'After the last couple of seminars that we have been to where the larger companies are looking to deal with smaller companies, there have been encouraging conversations, but nothing really developing from there. And the way the larger companies sort of addressed the last couple of meetings and the seminars that I had been too…they dangled a little bit of a carrot saying that they helped this company to grow this size and now he is 25 man band as their example. It is great and it is quite encouraging for some of the firms that were there, but what was a little bit frustrating for me was that you have this conservation the buyers and they start off their sentence with you by saying 'we already have a joinery company we use and we have done so for years so it is virtually impossible that you are going to get in unless you had something to say!.'* *'Besides them displaying on the front door that the buyer is…you need to contact them. Whatever happens in the industry, it is always going to be difficult to find the right person you need to speak to I think and for an organisation to help display who the right person to contact is, I don't think that actually is going to happen, but what would make it easier for me; more informative website, something like that, when contracts are actually issued to the right person to contact… any queries or who you are actually dealing with and stuff*	*'So you get a 5-6 man or 10 man company who thinks great now it is time for me to move forward and trying approaching these big businesses but you really got to look at it from the big businesses point-of-view who are saying well they are potentially wanting to put £200-300,000 work their way, how are you going to cope?. The smart business man or smart businesses are going to walk away thinking that they are not going to cope.'* *'I want to become a very large company and there is a lot of things that hold you back, obviously the major one being a cash flow issue…I have to get the funds to do this…and is there the work out there?…and a lot of the smaller companies are restricted by this.'* *'The barrier's obviously always there…trying to talk to the right people. I do not believe the they actually advertise the fact that this is the guy you need to speak to if you want to get in with us. So that's a major barrier and I think the second major barrier is to actually have them take time out to come and visit us and see us and see what we are about. If they would find time and come and actually investigate us…if they did that then we would probably be in lot more of a chance.'* *'I think, it is not always successful because the larger organisations have a buyer for instance and that buyer only does the buying job and the minority business has the main boss who does everything and this conflict of the boss trying to do everything and deal with this buyer, if you can understand what I am trying to say. All the buyer does is just*

				like that would help, and also if any of these large companies were actually doing any articles or were in any of the trade magazines and they were trying to attract companies like ourselves, just a small paragraph at the bottom to say this; if you are interested in dealing or supplying for this contract please contact'.	spend time doing the buying and is pretty focused in what he is doing whereas the boss of the minority company is always quite concerned about numerous jobs that he needs to get done throughout the day and the buyer is not always that important to him and what I found is that the buyers is the main guy that you really need to stay on top of and provide him with the information that he needs all the time and to keep the ball rolling or keep that relationship really tight.'

APPENDIX F

ANALYSIS – QUOTATIONS BY THEME

What do minority businesses understand by the term 'social exclusion'?

'I am not allowed to do something because of my colour or my background.'

'Excluded from certain things.'

'Someone being excluded from a social event or a social talk just because he is different.'

'Social exclusion – someone not involved.'

'Basically you are not allowed to join the popular group. So you are in the playground and you are with the popular kids but you are socially excluded, they are not going to let you join in, which is basically what I have explained to you. So it's rife. Social exclusion is rife in the construction industry. I mean you are dealing with guys that have been in the industry 40 years, or 50 years, that have got good relationships. They have started off right and they are only going to employ people that they know, and that's the bottom line.'

The Dynamics of the Minority Business Experience of Social Exclusion

'At the moment it is unfair because we're minority and we're ethnic and we are getting pushed out...and it's obviously got nothing to do with our qualifications or the fact that we're not capable of doing the work because we are capable of doing the work.'

'It's racism. On most sites we go, especially the bigger sites, we definitely, definitely incur racism and that is not so blatant in your face but it's there. Now they want to put me in a position like and they won't take me on as a firm. They will only give it me as a job. They will say you are working as you are working in the room and I've got much more experience than that kid like in the game, you know what I mean, and the only thing that I can see is racism through and through.'

'I can guarantee it's racism. I have been on so many sites and I have done so many jobs...like in Coventry...he started on us and he started on another black kid. He never started on the white blokes. There were plenty of other people he could have started on, now why did he choose to start on us?'

'It's slightly harder for us. It is, yeah...it's slightly harder to get your foot through the door.'

'We just get left to the side.'
'When I was younger. I was going on site, as a contractor....you'd have difficulty finding contacts and getting business.'

'Sometimes it is because your face don't fit and the jobs I did get was because one of the family members or friends were on the site and then they'd invite me along'.

'When I started in the construction industry it was hard for Asians'.

'Look, the construction industry is such that people work with people they know and trust and like so you can't change that.'

'Sometimes it is because your face don't fit'.

'It's down to your colour...it's slightly harder to get through the door'.

Discrimination – How it affects Minority Business Owners

'I think, trust-wise...because it's a new thing we're looking at...getting minority businesses in with the larger construction companies...it's always a difficult thing at the beginning. So even with trust there's going to be a barrier there...to build the trust...like are they treating us right?..are they giving us the right work?...are they picking on us?...it's the whole bully thing isn't it....and you do have that when there's that new relationship anyway...it's like an Asian guy's kid going into a school full of white guys...they are going to be picked on for being the minority person. So I think initially you will have that...which I think is fine...well it's not fine, but you've got to deal with that and accept that...and obviously, with time that changes doesn't it?....like when they see that okay this minority builder can do his work, he does know what he's talking about then you build your own reputation don't you.'

'It doesn't affect me because I grew up with it now and it's almost expected, you know, it is expected to be honest with you and when we walk onto a site, we will get looked at like, we just get stared at. They are kind of shocked to see an Asian face on a building site. It's not what they're used to. What I would do now is when I get outside I'd be like yeah, the Paki's here, kind of just to break the ice with the people that we work with because once you say that, they will be like 'huh' and they laugh so it sort of breaks the ice and you get in, you know… it's sort of just lessening the tension.'

Dimensions of the Minority Business Experience of Social Exclusion

'They won't give us the work and they look at you and they think you are Asian, and one thing, when I am working with all these white chaps like a lot of lads from north, from Sheffield…they will all go at it and they will just automatically presume you're Asian, you are dodgy, you know that's their perception. Oh him, oh he is got to be dodgy and it's like, why am I going to be dodgy? Because I am Asian? And then that's just how they look at you.'

'If I go to a large construction company they're thinking that it's a first time I'm working with a minority company and he's ethnic as well and okay then…because they've got the perception already that 'oh yeh Indian builder, cowboy builder'…so those two words are associated already. So this is the kind of things as you're starting a new large contract you'd be dealing with this kind of stuff. So that's an obstacle there for you already before you've even started.'

'Of course you have to work harder at trying to win contracts…even to get your foot in the door, and once people see what colour you are, you know….I've experienced this…I've been in the industry now nearly twenty-five years and it's always been extremely difficult.'

'If I went for a job and a white guy gave the same quote…and they had no knowledge of both of us..they're more likely to go for the English guy than the Asian guy.'

'You've got to try harder. You certainly have got to try harder.'

'When you are starting off if you are a person of colour, or of a minority background and you don't have that network of contacts initially so you rely on the fairness of the market place when you apply for your selection for work and you rely on that because otherwise how you are going to break in? Often what you find is that the network takes over the situation and even when you try and force your way in I do not think that it works.'

Self Exclusion by Minority Businesses

'I rather stick to smaller jobs… if I go and employ more than five people in the industry, in the workshop…then I'm going to find I've made a loss…I am not going to spend £100,000 on the machinery updating and all the costs for policies just for the sake of it. So I am keeping below five employees…purposely to avoid all the hassles and costs.'

'Obviously if I can't accommodate their demands, their needs, I am going to let them down…it's no point me coming into that.'

'You tend to find that a lot of smaller companies, the one-man bands, people who have got two or three, they are happy at the level of work they've got and it's quite daunting to do the next step up because of the financial outlay.'

'Sometimes it is not worth me going for it.'

'We don't deal with the bigger companies because we don't have the resources.'

'I try to hold my business up…I've got many things to do and can't stop. I am doing what I just did in the start…and so are a lot of Asian businesses…they just are running around and around doing the work they get. They don't try to go forward with big companies.'
'I think time…if you can change with the time you can go forward and don't stick on one thing. But, it's happened to me as well because we are doing mostly extensions. I never go forward. I never try to.'

'I have not really pursued them.'

'Actually I didn't try for that. I thought well, can't reach to the company. So if somebody put me forward then I would do the work. I didn't try hard. I thought many times I want to do that, I want to do that.'

'Sometimes when, a new housing maintenance manager comes in and we are not getting as much work as we should do or because somebody had taken a dislike to us, I have still got to keep my employees and pay them every week…I still have to find their money. So

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then the problem is before we even think about taking on new members of staff we are thinking well is there going to be that constant work?...at the end of the day you're messing with a company's life.'

Minority Businesses and Social Identity

'It makes my company feel even smaller than it already is.'

'No. What because I am an Asian director of a company?...that I think is wrong. It's wrong to put me in that because I don't have...if I was an ethnic minority company I would have Asian workers and I'd do jobs for Asian people. That's the bottom line. But I don't and I haven't. So I am not and I don't want to be put in that category.'

'If I was going to go to a large organisation I'd want to see them see me as a quality builder not as an Asian builder because that way I can win more contracts but if we embed in their mind that we are only good for doing the ethnic minority jobs then we are losing out on the bigger jobs. So I want them to see us as a quality builder. I want them to see us as a normal business, as a supplier of quality building services.'
'Well we are just a plumbing and heating company from Coventry...a small plumber and heating company trying to expand.'

'We are small to medium base building contractor.'

'Really we should be taken as a company who happen to be ethnic. I don't look at a plumber and think 'oh my god, he is an Indian who happens to be a plumber'. I look at him as he is a plumber, firstly, and foremost he is a plumber who happens to be Asian.'

'What they should really be doing is not taking us as a black contractor but taking us as a contractor, you know, who happens to be black.'

'I am not a big company. I am not a massive company. But it's professional and I'd class myself under like maybe some of the larger boys with the reputation because I don't think we have got bad reputation. I wouldn't like to class it as the minority. I class it as a small business.'

Suppressing Identity

'There's definitely discrimination against Asians and that's why I call myself Joe so when I answer the phone with the name 'Joe' people don't know that they are dealing with an Asian guy.'

'I am more than happy with my business... nobody knows who is behind it. Nobody knows until they come up to have a look at the door notice...if I am not here Susan is there, they do not know the difference.'

'The majority of the people I employ in this industry are men joined from the white working class pool and it is very macho and even along the professional levels there is a lot of allegiance that goes with that. Anything different to them is not welcome and they will rather close rank than let you in. There is that sort of old boy behaviour that exists. You have to fight to get in.'

'All the time. Oh yeah. You just tell them a different name. You will notice the difference, do a little experiment yourself you will find a big difference. I'll say Mr. Smith and they will say okay, no problem I will put you through. But if I say my name is Deepa Sohal, "Excuse me, can you spell that for me?" There you go. You are never in through the door straightaway.'

'My partner who's white said himself, he said, "look you've got an Asian face going down there...they are very frightened down there...they haven't seen many in Weymouth and Dorset so if you turn up, they may just think what are we doing here".'

'My own personal opinion is that when you have companies who don't associate to being Asian...they tend to do better or they have a better reputation than if you know it's owned by an Asian guy. So like Joe Bloggs, you'd never think it's an Asian company. '

CORPORATE SOCIAL RESPONSIBILITY

'It's up to them isn't it?...It's up to them how they want to engage with their corporate social responsibility.'

'No, I don't think they have any obligations towards us'.

'In my opinion if you are going to come into a community and do a big contract, you should have responsibility to that community and that means employing people from that community and that might be minority and non-minority. It comes back that building schools for future I was telling you, you know, if they are building schools say in Lozzells, then it would be good to get all the trades from within that community.'

'They should try to bring minority companies into some of their contracts. I am not asking to give all that full responsibility, that all 100% of the contract to minority but at least bring them in even if it starts about 20-30% the contract goes to minorities and then it kind of builds up.'

'I don't think it's them. I think it's down to the people that are giving these big guys the jobs, the highways agency, the councils, you know, government bodies, they need to be doing all this, not the big companies. I think it's, pushing it on the big companies is just another way for it to be filtered out.'

'The only obligation they have, if anything, if they going to do a job on my doorstep, is to be aware of me and by giving me a chance to do it.'

'It is always nice to know that a company is doing their best to help other people out in the area or trying to add to employment.'

Stakeholder Management

'If you are coming to Birmingham to do a big job in the city, you should be able to engage with Birmingham city council to say if you got the contract with them….it would be in your CSR programme that you would engage with local communities and we are doing the work.'

'They should treat as us stakeholders in one way because obviously you are helping small businesses get bigger. It's helping the whole country on the whole…and it's helping the economy'.

'They are responsible towards us if they initially gave us the step up on to the bigger playing field…then they got to be aware that if someone smaller is taking on more workers because of the work that they are providing them then they have to be aware of that. You are playing with a company's life.'

'If they are writing us off just because we are ethnic then I think that's wrong.'

'Not really, we haven't come across anything like that.'

The Benefits of Corporate Social Responsibility

'It's for the tick box, for the tick box, for the councils, for the quangos, for the government, yes. For us small businesses… no!.'

Defining Diversity – the Minority Business Owner's Perspective

'Difference.'

'To integrate.'

'Diversity – something different'

'Diversity means to me like a spider's web. That's what it means. It attaches to different facets all interlinked at the same time.'

'Mixed up kind of thing, you know, and you've got options of, you've got a variety.'

'Being open to everything. To be willing to be exposed to everything.'

Managing Diversity - the Minority Contractors Perspective

'Managing diversity – that's the spider in it. A spider needs to build his web but he needs to attach it to different parts of the building so he needs to make sure he can attach it to that part and that part and that's available for him to attach, that's available for him to attach and then you work and you build together.'
'How you manage the difference'

'To have someone overlooking integration'.

'Managing your change'.

'To manage diversity would be to make yourself aware that you have to be diverse. I think it's most important and once you are making yourself aware that you are diverse, it is trying to implement that so that you put it into practice because like I say, we can all say yes, I am open to all different people of colour, creed, skin colours, religions, faith, but at the end of the day it's not just, wouldn't be enough for me to say it, I have to put into practice – working practice.'

Managing Diversity vs. Managing Equal Opportunities

'No, it's probably just splitting hairs, isn't it?'
'No difference'.

'Managing diversity and equal opportunities? Do I think there is a difference between them two? No I think it's about the same.'

'Yes, I do. Managing diversity as a slogan is what it says is it is. It manages diversity so colour, creed, religion and so on and so forth but managing equal opportunities tends to cone the issue. Managing diversity in the construction industry is better than saying managing equal opportunities.'

Benefits of Managing Diversity – the Minority Contractors Perspective

'I think I can do it better for them. At the starting I know they have got, with the council…they will give you small jobs… then they can give you more when they see they have better job done.'

'Definitely there are benefits for the bigger companies because if once they open their doors they will see competition like no other. They don't know the newer competition. If they open it to the Asians and the Asians are competing against each other they will be getting huge jobs done for next to nothing then because Asians are lot more competitive and they want to get the job. They want to make their name.'

'Get their jobs done on time… you have quality.'

'If I get in…because of what I am in today and my experience…I can do it properly for them… I can try to make it better quality.'

'Their company looks better because they are involving minority companies so it's their reputation.'

Reasons why Large Construction Companies Manage Diversity

'They probably do more than I do..because they have to, don't they? You know what, really, truly….I think they are trying to win contracts, especially government contracts…they probably have to do it throughout…they could probably lose contracts.'

'No. I think when all is said and done they have to look at bottom dollar. Unless there is push there from the HR department about equal opportunities policies then maybe.'

'Yes, they do if they want to. If they want to bring in. You see, going to a big company like the big building companies and saying to them you have to employ more diverse people, they are going to look at you and think _____ to that. You are telling me how to run my business? So if you said to them 'can you please employ the smaller building contractors' they will take that on board as a better way to do it rather than telling them to, I mean they can turn around and say what are you trying to say that we are racist and that we don't employ ethnically minority background workers? That's wrong and it will put them on the back foot straightaway. Then what they will do is they will send in their PR person to sit down with you and be sympathetic and 'you are absolutely right but we can't find them and we don't know where they are and we will try our efforts to, double our efforts to work with the ethnically minority downtrodden, you know, people and we will feel sorry for them a bit more and we'll have at our next meeting an Asian guy standing there in the background in one of our photographs just for you', you know, that's the way the world works, you know. You can't change it at the drop of a hat and it never will change.'

'You know what, it's not just the big guys who are at fault, most of my builders are all Asian…most of the guys I employ are all Asian. Someone could say the same to me, why haven't I got more English people with me?...you work with who you are comfortable with. So no, I can't really say that the constraint is on them…the buyers have to do x, y, z and we being suppliers have to do this. All the guys that I have ever worked with have been Asian so I am at fault for the same thing.'

'I don't think they do.'

The Consequences of Not Attending to Diversity

'I think they are trying to win contracts, especially government contracts…they probably have to do it throughout…they could probably lose contracts.'

'If they don't look at us no one is going to say anything to them you know, because there isn't any law to say that you've got to have a certain amount of people from this group to be able to price the job or tender for anything…they have got nothing to follow so who is going to give them any consequences if they don't do it?' .

'They probably don't miss out but it misses out for the small, you know, for the ethnic minority company because they don't get the exposure. It's not so much from their side looking down, it's from the small guy looking up.'

Barriers to Managing Diversity

'I think the only thing that's going to do for them is put a bit of more work on their plate, that's it. I can't see it changing the construction industry'.

'Yeah, being made aware of who is out there for them. Then you have to have the register, don't you, of ethnic owned businesses. Yeah, I think they are having the same problems as what green companies have. Unless you are aware of them you don't know to use them.'

'That's Just an Excuse!'

'That's bullxxxx. So cut that…you know, here in Birmingham we have got an Asian directory...it's open and available to all. We've got the Yellow Pages….you've got Chamber of Commerce.'

'No, I would think if they want to they can look for us and they can find us and they can find our business anyway. Yeah, they can.'

'Now, I know that that's a lot of rubbish okay, because for instance, the jobs I have got going on at Bromsgrove…all the workers, the chippy, the roofing contractor who is going to complete the tiling, have all walked on to site and handed my site foreman a card and

said, 'we are looking for work'. Now you are telling me that doesn't happen on the site down at the brewery. Are you telling me that chippies won't walk on site and say, "Here's my card. I am looking for work". It's a lot of rubbish. The thing they are doing is they have got no clue what happens down at ground floor level. They need to advertise, right, we are coming to the Apollo Hotel in Birmingham on this date, can all builders who are interested in looking for work, attend? Simple as. If nobody turns up they are absolutely right. But if people turn up and people introduce themselves then at least the ball is in there court then. At the moment if they are telling me that they can't source minority builders there's a thing called the Asian Directory here, and the Yellow Pages. It's a big massive book here and a lot of people advertise in it, a lot of small builders advertise and you are telling me they don't read that? Yeah, that's rubbish, absolute rubbish.'

'In the minority sector I have hardly ever seen any black builders, very, very rare. You see the actual workers, the chippies, the steel workers, the metal fixers and stuff like that but I don't actually see any companies that are run. I have never met anybody. The Asian side, there's hundreds of them. They are all out there ...but then again, they are all doing the scraps.'

'So maybe we do need something like an intermediary organisation then if that's what the large construction companies are saying because I haven't turned down business up to date...I have got website out there and my contact details are out there so it's a matter of just going on the internet and even typing into Google, typing my company name and then you get my website address...I don't know what more I can do to advertise myself?'

'Once you build your reputation and your trust in a certain builder you'd want to stick with them. So I think the construction, larger construction company would think, okay you can do that before, it's such a large contract so I do not want to mess it up, I am happy with this builder, why would I go somewhere else?'

'They have got their set builders who have built up a reputation with them and why would they want to change? So there's a barrier there.'

BUYER-MINORITY SUPPLIER RELATIONSHIPS

Buyer-Seller Perceptions & Trust

'No chance, no way. Not unless you knew somebody there.'

'Trust issue is the major one and in this industry again, it's not what you know, it's who you know.'

'I shy away from relationships like that because I have got many a colleagues who run small businesses who have gone in purely as subcontractors to major companies and they get into disputes and those companies whether they are right or wrong always end up losing because that is the serial nature of the industry. What we find is that large companies whether you know if they have to make money back because on the tender they have gone lower or whatever they squeeze their subcontractors and if they force a dispute with you, you could end up going out of business before it even goes to court...because they have got the lawyers and everything on their side. They have got the resources to take you on and they can drag it out and so you end up settling for less. So, I always have been extremely cautious about walking into those relationships and so we function primarily as the main contractor instead of a supply chain sub contractor.'

Industry Image

'I think that the construction industry is still a very much a white-dominated industry. For me to think any other way I think would be wrong and because a lot of the people who are putting out the work tend to be white middle-class management, it's what their exposure is, and if they have never been exposed to the small Asian one-man band he is not looking to go down that route. It's helping that there are lot of Asians that are getting into the construction industry, not just on the building side but actually in the office, the architects, quantity surveyors; but again it's still not enough for us to think that okay we are going to get a fair crack of the whip and because like I say most large companies are doing their scheduled work on large scales, you know, it's building bigger, 600-unit apartments, it's converting. We can deal with the smaller conversions of an old warehouse to a point, you know. The larger construction industries they are all working en masse and it's just not going to be feasible for us at any point to be able to get in with those guys.'

'They should manage their image better... of course they should. They could do that by probably getting rid of some of the stuff that they've got that don't let the minorities into the system. That's where you'd start.'

'It makes no difference whatsoever because the minority businesses will tend to deal in minority work, private work, extensions, conservatories, block paving, driveways, stuff like that. That's what the minorities would do because the majority of them probably don't have the amount of skilled labour to take on....I mean you look at the minority builders at the moment, your average Joe Bloggs in his transit van, he will probably be able to build a house or two houses probably and that will be his lot. To get on to the next stage you need to have the cash flow and you need to know somebody in the know that will help you out to do it.'

Large Construction Companies Perception of Minority Contractors

'If I was going to go to a large organisation I'd want to see them see me as a quality builder not as an Asian builder because that way I can win more contracts but if we embed in their mind that we are only good for doing the ethnic minority jobs then we are losing out on the bigger jobs. So I want them to see us as a quality builder. I want them to see us as a normal business, as a supplier of quality building services.'

The problem is that some other Asian people who have come in as immigrants, they are doing a shoddy job and that spoils it for businessmen like me who are doing a proper quality job.

'I think it is coming down to perception, yeah, because obviously they've got a bad image of us some way, and that is why they are not letting us in, because apart from that I don't see why they wouldn't let us in.'

'They probably just see us as a small one-man band or a small organisation who are okay just sticking with what they are sticking with but they won't be able to take on the larger schedule of work.'

'I think there are a lot of cowboys in the business and we see them on TV. A lot of people think after watching programs and reading books, they think that they can do building work so they come along in the domestic market and say 'oh I can build the extension. I can do this', and then they don't do the job, take the money and run away and then that sometimes tarnishes the rest of us.'

'The large firms have probably put a lot of money into getting the contract. They have invested a lot of time into it and so they need to pull in people that they can trust that will deliver. So my understanding is when these guys go out to tender for these big jobs, they must have spent a lot of money preparing for that and what they can't afford to do is take risks or test new partners or new suppliers and more likely they will go with the ones that already exist because they know that they would deliver so then what they have to lose is their contract or their job. It's not about being Asian.'

Are they Uniquely Minority-related problems or SME-related problems?

'If you do mess up like here, and you are Asian...you are going to know about it. If you are Asian they are going to let you know you messed up and they are going to do something about it...they are going to push you to the extent they can get away with...if you are white and you have gone on to a construction site, you are doing the job and you made a little mess up, the foreman will sort of push it to the side.'

'You've got to try harder. You certainly have got to try harder.'

'On that score of things I think we do have to work a bit harder than everybody else to win work because it's easy as an excuse to say oh gosh, you know, they are crap; they are Asian...bloody Asians they are and so that's what we try to instil into our workers to say that you know, when you go out there you are representing the company and it's not just yourselves you are representing but us. And it should not have to be like that. We should be taken on our merits of the work we do but you know, really it's not at the end of the day. We know it's always going to be that way.'

'It's slightly harder for us. It is, yeah...it's slightly harder to get your foot through the door.'

'There are several points or challenges which all businesses will face like, and that is that every business has more or less the same challenges and it doesn't matter if you are in construction or cooking or whatever like, yeah, it's all the same. Everyone now have their challenges but I do believe that race has definitely got a big thing to do with it.'

'Of course you have to work harder at trying to win contracts...even to get your foot in the door, and once people see what colour you are, you know....I've experienced this...I've been in the industry now nearly twenty-five years and it's always been extremely difficult.'

'It is always hard at the beginning…you do have to go the extra mile to prove yourself because you're Asian…but once you've built up a reputation out there then people do have that trust in you. So, large construction companies will have the trust in you that 'okay, we can trust these guys'.

'If I was going to get a contract with a large construction company, I would know that I have to go the extra mile; I have to be competitive on price…because they're thinking..okay, I know I trust this guy and I am going on a risk with this new minority builder and I have to make it worth their while…so I would have to make it worthwhile for the construction company to take me on…I'd have to be comparing different prices and I'd have to work the extra mile or do those extra little things literally with them.'

'I have got an electrician, he is Asian. I have given him the job rather than give a guy called Nigel, a white guy, the job. Now they are picking up every little thing. There's not a grommet in that. There's not, the sheeting is not straight; look at the spirit level. And you are thinking, 'you know what, if this was your boy doing it, you wouldn't have said anything'. And they get there for 8:00. They start work at 9:00. They will pack up their stuff at 4:00 and they will leave at 4:10. My guys, I know won't finish that job until it's done. So they will get there at 8 o'clock. If it takes until 7 o'clock, 8 or 9 o'clock at night they are going to finish it because there's that rapport.'

It's not a Minority Business Issue…it's a Bribe Issue

'I think that's...how can I say it, doing it as a minority thing in the construction industry, I mean if I had a brown envelope and I handed the brown envelope over, I'd get the job. It doesn't matter what colour I am or where I come from or what my background is. If I said I can do the job and pssst! a nice little holiday to Barbados goes under the table then you know you are going to get the job. Then it's down to you then. You need to do whatever you need to do and you need to fund whatever you can.'

Minority Contractor's Willingness to Engage with the System

'In relation to jobs that I've had, I can't see why they wouldn't take me on…because I have dealt with like double storey extensions'.

'That's bullxxxx. So cut that…you know, here in Birmingham we have got an Asian directory…it's open and available to all. We've got the Yellow Pages….you've got Chamber of Commerce.'

'They are probably right. I think what happens is, you tend to stay where you are comfortable and unless someone leads you by the hand I think you know, that's what it is, you've got to be led by the hand to be given exposure. There's lots of small one-man bands who would probably relish the opportunity to be able to be on a contract list but they are unaware of how to do it and because they are unaware of how to do it, it's daunting.'

SUPPLIER DIVERSITY

Lack of Awareness of Where to look for Construction Contracts

'I presume I'd have to go to one of the sites where they are building or through contacts who are contractors like myself and see if there's anything out there.'

'Basically what you do is, housing associations will have a list of official contractors that they will use, and what you do is you then make an application to the housing association to get onto their books. I mean you have to fill certain criteria so you've got to have like an equal-ops policy, you know, proper health and safety policy in place, you've got to have public liability insurance for 'x' amounts of thousands, millions, and once you fulfilled all the criteria and you are a registered company you can then make an application and then they will put you on to the books, but again you will only get work if they deem it necessary for you to get the work. So you could technically be on the housing association's books and not have any work or maybe just get one or two jobs a year because the person who is the buyer who is sending out the work chooses not to give it to you.'

'We generally work through architects who supply us with clients'.

'Normally you get in contact with builders, or even architects can sometimes put you in touch because if someone's gonna take on a contract that size they would actually approach an architect to get the plans drawn up' .
'It is something that we really are looking into. We have never been shown the right ropes into the area, always thinking that the bigger contractors have got the contracts.'

'We don't know how they advertise ...or the council or something can better do advertise in a way which we can know in the paper or something…or any internet website or something that we can find.'

'It's actually getting to hear about these contracts that have gone up for tender, you know, you don't see them advertised, you don't hear about them on the radio, there's nothing in the local papers.'

'The people know about us. We have been established long ago…They know me. We work through recommendation, it is the best way.'

Barriers to Contract Opportunities

Approved Contractors Lists – 'No Entry'

'There is a hierarchy…the bigger companies where the tenders come up… now these will only go out to several people who are already known, you know what I mean, and it's a kind of who knows the people, you know I mean it's all about the people you know and to get your foot in with these people, with the large white blokes… they won't even look at you twice.'

'I think you fall into a practice of using the same builders...that 'okay I've used these builders before, why would I work with someone else?'…if something's not broken why fix it?'

'Getting your foot in the door is half the battle.'

'On the contract side and the commercial, people tend to use the people they know or have trusted with a regular contract. So you need to overcome that barrier to go in.'

'There is that sort of old boy behaviour that exists. You have to fight to get in.'

'Vast majority of our clients are public sector. I prefer to go for that I think they account for a fairly larger part of the market. Not only is that you see the other thing is that when you work the majority of the public sector organizations tend to employ more of the professional sort of construction management to manage their contracts or their estate and therefore we find that there is a certain professional behaviour that goes with that and there are standard form of contracts and standard ways to preparing documents and everything and so you can have a standardized approach to that. When we go out and say that if you work while I will never want to go to the domestic market and I would always try and move away from them and the thing is that it is so fickle in many ways that there are so many variants in working with that market and it is very difficult for ourselves to operate and operate very efficiently and effectively. So I find that for instance, I will have a foreman that manages a site that works in a certain standard and certain procedure and practice that goes with that and from one contract to other it remains almost the same though no two jobs are the same and that is what I mean in terms of technical requirement but the structure for delivering them is very similar. So it is much easier then for me to manage.'

'There are moves that were driven through the treasury for public sector procurement to move towards more efficient ways of procuring and by efficient they mean also centralizing work with fewer suppliers directly. Shift from directly contracting the small and medium sized companies are causing massive and sort of acute problems within the market because what you would find is that a lot of major companies which were largely sort of after the end of 1990s and early 21st century, they were having problems and they were just managing organisations and they just employ managers and they might have an agent and a number of subcontractors and that was the structure that they employ. But some of those employers are certainly been given a lot of work in reality and medium sized companies which I believe are the drivers in the economy they employ more people, as medium to small companies employ more people and that is where the employment is being created. They train and they do all of those things and certainly all of that seems to be all out of the window for efficiencies in procurement. Going with these larger companies and they was the theory working on the basis that these companies trickle down economics that these companies will engage smaller businesses as part of their supply chain and therefore you get business from that. The theory only works for a certain level. It is then up to the employer which is the client to monitor and ensure that good policy prevails and that those companies are also acting in a fair way in the way they recruit companies to their supply chain.'

Racism & Discrimination

'It's racism. On most sites we go, especially the bigger sites, we definitely, definitely incur racism and that is not so blatant in your face but it's there. Now they want to put me in a position like and they won't take me on as a firm. They will only give it me as a job. They will say you are working as you are working in the room and I've got much more experience than that kid like in the game, you know what I mean, and the only thing that I can see is racism through and through.'

'The majority of the people I employ in this industry are men joined from the white working class pool and it is very macho and even along the professional levels there is a lot of allegiance that goes with that. Anything different to them is not welcome and they will rather close rank than let you in'.

'It's always a good source of work because they are always having properties that require maintenance. But the most detrimental part of working for a Housing Association, the negative part is if you don't have a good working relationship with the housing maintenance manager then that can affect the amount of work you are given. So if they decide that, you know, if you've got somebody who new who has come in, they are going to have some pre-conceived idea of what Asian construction companies are like so then generally what can happen is, which has happened to us a few times, a new maintenance manager will come in, he will tend to stick with the white construction companies, which will then mean our work will drop off and we will not have as much as we would normally have which then causes us problems, and then what will happen is if they then have a problem, because sometimes dealing with Asians or dealing with blacks in Derby, it's better to have an Asian face from the construction side but because a new housing maintenance manager comes in, he will think 'well okay now, we will use a white organisation', they then struggle dealing with the older Asian families and then they will use us and then from there we will then have to start building up new relationships with the new maintenance managers because then we have shown that yeah, we can do good work and then when they reflect on that they will think 'oh okay, yes, right, they are not how we perceived them to'.   It's not happened once; it's happened several times.'

'Race is definitely one, yeah, without a doubt in the construction business there is definitely a race problem.   The other reason is that you are unlikely to get approached for this because they have already got their systems set up whose going to be working on what.'

'If I walk in, and I am an Asian…straight away there's minus points there. You have it straight away…the buyer's kind of started to make a decision straight away so you are weighing more towards not giving the contract than you are to giving us a contract.'
'I can guarantee it's racism. I have been on so many sites and I have done so many jobs…like in Coventry…he started on us and he started on another black kid. He never started on the white blokes. There were plenty of other people he could have started on, now why did he choose to start on us?'

'I have struggled…barrier is a big thing…specifically racial barrier. It is hard sometimes to be specific about it because it does not always present itself in that way and you should know, you perhaps might know being a person of colour. Often you apply for a certain situation and you just don't get it because you are probably encouraged at the onset and then you just don't seem to get any further and no matter what you do. Sometimes no matter how many calls you make people just do not respond. But public sector to me always have a much fairer way for you to apply and you are on it periodically to get on pre-qualification to get on the tender list you know it is an open and fair system in our newer sense and hopefully it is much fairer than the private sector side. It is not that your face fits but you tend to make more in roads in those sorts of situation.'

'They won't give us the work and they look at you and they think you are Asian, and one thing, when I am working with all these white chaps like a lot of lads from north, from Sheffield…they will all go at it and they will just automatically presume you're Asian, you are dodgy, you know that's their perception. Oh him, oh he is got to be dodgy and it's like, why am I going to be dodgy? Because I am Asian? And then that's just how they look at you.'

'I have worked on sites now where I have used my own labour, Asian labour, and they don't like it. They don't like it. They will make excuses, our plastering is not right. Oh look at that skirting, oh the architrave cutting hasn't been done correctly, blah, blah, they will try and make some excuse, I mean it's happening, as we speak it's happening right now.'

Bribes in 'Brown Envelopes'

'Let's face it, that grants and the granted areas…they know about us but they will not give it to us because they wanted more, what you call it, back from us, right?'

'You can't deal with the big boys unless you throw around brown paper bags and that's the God's honest truth. I mean there was a big thing in the newspapers and it was in the press where Balfour Beatty and people like that were prosecuted because they were going to other people who were tendering for the jobs, getting their tenders and paying them off. We can't compete with that'.

'You are never going to get the big contracts or you are never even going to get offered the big contracts…the only way you are going to get it is if you know somebody there. For instance Paul, he knows somebody at Taylor Wimpey, he knows somebody at Bovis. Now, if he spoke to Taylor Wimpey guy now with this new site and said listen, give me your kitchens or give me your plastering, there would have to be a bunch in it for him. For him to give you the contract a brown envelope would have to go across the table.'

'Basically what they have done is they have set the business up themselves. They have got three-fold businesses set up, there's a company called Iguana. This has been brought to the attention of the MPs, councillors and MPs…the doors are just slammed in our faces… they just told us look, you can't get on to that system, it's simple as that. The MPs are turning a blind eye. I don't know why they are turning a blind eye…I don't know…maybe they have got a business interest with these companies that have been set up.'

'You see this is how it works….now luckily my partner has gone away, he has got a caravan down in Weymouth and he met one of the councillors and her husband at a party, at a barbecue…I swear on this it's no word of a lie… he met them in a barbecue, okay…he got talking and he spent the week with them. Her husband is an avid Man United fan and my partner owns two season tickets so he gave him a season ticket. That put the ball in motion. His wife sits on the council at Weymouth so we got talking to them and then we got the contract through her. It's who you know at the end of the day. There was no way an Asian firm would have gone down there that could have tendered for the contract. My partner who's white said himself, he said, "look you've got an Asian face going down there…they are very frightened down there…they haven't seen many in Weymouth and Dorset so if you turn up, they may just think what are we doing here".'

'For instance Paul, he knows somebody at Taylor Wimpey, he knows somebody at Bovis. Now, if he spoke to Taylor Wimpey guy now with this new site and said listen, give me your kitchens or give me your plastering, there would have to be a bunch in it for him. For him to give you the contract a brown envelope would have to go across the table.'

Time taken from Tender to Winning a Contract
'The time taken for initial consultation and contract beginning is massive and minorities, we can't wait that long. By the time we get, you know, maybe a nod, we have probably started something else.'

'I think, it is not always successful because the larger organisations have a buyer for instance and that buyer only does the buying job and the minority business has the main boss who does everything and this conflict of the boss trying to do everything and deal with this buyer, if you can understand what I am trying to say. All the buyer does is just spend time doing the buying and is pretty focused in what he is doing whereas the boss of the minority company is always quite concerned about numerous jobs that he needs to get done throughout the day and the buyer is not always that important to him and what I found is that the buyers is the main guy that you really need to stay on top of and provide him with the information that he needs all the time and to keep the ball rolling or keep that relationship really tight.'

Behind Closed Doors
'It's one of those where the industry is all…it's behind closed doors a lot of it. We don't get to see big contracts. We don't get to see the council builds. We don't get to see anything like that because they tender it out and the big boys just swallow everything up and we don't even get a look in. That's why a lot of the small builders, it's all private work. It's never corporate.'
'The big boys, they will just keep it in house. Like I said to you it's a close-knit environment and it's not what you know, it's who you know and that's never going to change.'

'The Construction Industry will never Change'
'Look, the construction industry is such that people work with people they know and trust and like so you can't change that.'

'I don't think anything can be really done but I mean would you really want to waste your time? That's the bottom line, I mean it's all in there and it's all about what you know and who you know and not what you know and that's the way it's always going to stay and that's business.'

'I don't think the bigger companies will change their act …because what's happening recently is that all the main big contractors have amalgamated. They are getting out of sort of four companies and they are coming under one flag. That…and their teams, they are picking and choosing. Then they are going to pick and choose their contractors because they have been there…bringing their team along with them and that is the difference that will count. I don't think they are going to try new people, I would say.'

'On that score of things I think we do have to work a bit harder than everybody else to win work because it's easy as an excuse to say oh gosh, you know, they are crap; they are Asian…bloody Asians they are and so that's what we try to instil into our workers to say that you know, when you go out there you are representing the company and it's not just yourselves you are representing but us. And it should not have to be like that. We should be taken on our merits of the work we do but you know, really it's not at the end of the day. We know it's always going to be that way.'

Contract Sizes
'We can't compete with that sort of sized business. We can't compete with the hospitals, the railway stations and stuff like that. It's just way too big. I mean the biggest project I have at the moment is probably about £1.2 million. Anything above that with the constraints that the big contracts put on you, it's impossible for us to do it.'

'I feel I can't even sit on the same table as the big boys due to the fact that contract size that they deal with is huge, I mean Taylor Wimpey, for instance have bought a site on the Dudley Road in Smethwick and we tried to get a chance to work on that so we could build it out. I mean it's about 30 houses on there, which is not a problem to build for us. We can do that but we just don't have the physical capital and the banks aren't lending; the government is not giving us any support to get these contracts.'

Cannot compete with the Larger Contractors

'From their point of view, they obviously think of you know, the future contracts in the end. If we are doing one contract the bigger company is probably doing three or four contracts with them, right? And one contract comparing to the other three doesn't help them because they might get better what you call it, profit margin or, what do they call it, 10% discount on them which I won't be able to give it to them.'

'You are going up against big boys'.

Not Knowing Who to Contact

'I'll be honest with you like, I haven't really been putting myself in the position where I do go for contracts on that level because the sole reason being because I don't know where to get hold of them. It's a bit of bone idleness for most as well, we want everything on our lap like you know, I mean we don't want to go out and have a look for them. I know that you can get a bit of information off their website or whatever. It's a bit more difficult for us, you know...when it comes to looking at computers, I am not very good at that, like, you know..I don't know how.'

'It is something that we really are looking into. We have never been shown the right ropes into the area, always thinking that the bigger contractors have got the contracts and it's never advertised, it's never in the local press saying that we can tender for this contract. So there isn't the advertising done to let the smaller companies know that there, yeah there is a chance to tender for work.'

'The barrier's obviously always there...trying to talk to the right people. I do not believe they actually advertise the fact that this is the guy you need to speak to if you want to get in with us. So that's a major barrier and I think the second major barrier is to actually have them take time out to come and visit us and see us and see what we are about. If they would find time and come and actually investigate us...if they did that then we would probably be in lot more of a chance.'

'Yeah, because we always say we try to find but how am I going to reach to them?'

Lack of Experience
'I think lack of experience might be another barrier because we've not worked on large contracts before.'

Long Payment Periods
'The payment period is probably the biggest one where everybody is falling down in the trade. Generally, when you sign a minor works contract it's called a JCTAT contract and that contract stipulates four weekly evaluations and then two week payments. So you've got to fund the build for six weeks straightaway - machinery, manpower, labour, materials and hire for health and safety and now-a-days you have to have hot water on site and stuff like that and some of the sites don't have electric and you could be paying up to £1000 a week for an power unit that can do that, so you have got to fund all that before you actually get anything in and I mean that's six weeks through a JCTAT. With Weymouth it is 60 days and then 30 day payment so you are looking at 90 days you've got to fund. How are we going to fund 90 days? Eight guys, accommodation, food, materials, labour, we are looking at £150,000 and you know, if the banks could help you out, not a problem. I mean I went to the banks with this contract, now don't forget the contract's been presold under contract so West Mercian Housing have signed a contract to buy this on completion. So I have gone to the bank and I have said look, there's the contract sum, NatWest are funding it on the behest that West Mercian have signed a contract to say that they are going to buy it, can you give me an overdraft, 20 grand, 25 – couldn't do it. The reason was the construction industry. I mean I even had a bank manager say to me if you were a florist you could have it but the construction industry is that volatile. We are not going to lend. They are not lending.'

'I can't move my guys or take on other work until this is physically finished and I can sit down and work out my profits, pay the tax men off and then with that lump sum decide to go for another job, and then that's dependent on whether my guys will actually wait. The workers I have got, will they actually wait for me or will they get other jobs and when I phone them they say, 'sorry, I am working somewhere else'. I would say it's a dire situation at the moment. I am not surprised building companies are going out of business. Now with this recession because the banks are the cause of it, they are not helping anybody out and government giving £25 billion to them is the biggest waste of money on the planet. It's not going to help anybody. I will be, if I don't pick up another contract by May I am going to have to shut down.'

'I want to become a very large company and there is a lot of things that hold you back, obviously the major one being a cash flow issue...I have to get the funds to do this...and is there the work out there?...and a lot of the smaller companies are restricted by this.'

'Main challenge is to cope really through and it is mainly through finance. It has been a big problem for us because largely you are limited by the time of contracts you can have based on your financial position. Because people always assess your financial capacity and that demonstrates your ability to cope financially and if you have got decent reserves, then you are more able, not always based on technical side which makes sense and the point but that limits the way you can go for, largely and broadly speaking and particularly when you go within the public sector realm but when you move outside that in the private market within the private commercial market you can find that you can be very financially unstable but because somebody likes your face you can be given a very big contract which you have not the capacity to deal with, but you seem the nice guy.'

Stereotyping Minority Contractors as 'Cowboys'

'There are a few barriers because I think Asians are stereotyped to be unqualified builders. Like now, we're kind of stereotyped with the Polish guys because obviously they're new builders that have come in and everybody thinks they're cheaper and we're not really fond of them because they're undercutting our business, so I think out there, Indians or like Asians have a bad reputation probably spread by someone else because now, in the building trade, people are spreading bad rumours about the Polish builders, just so that okay, the Polish have come in and undercut our business and we're losing out.'

Just get given the 'Scraps'

'What you do also tend to find is that sometimes because we are a smaller organisation we don't get treated in the same professional manner so they will say to us, okay, can you go over to this place and move office supplies? Well, you know, we are under the impression that is something they won't ask a larger organisation do that, but because we are a small organisation, they will do it, they will do it, it's not a problem; and even if we don't want to do the work sometimes we have got no choice because we know that to keep in good faith with the housing association or that particular person who sends out the work, we'll do what he gives.'

Costs of Working for Large Construction Companies – 'A Turn Off'

'We do a lot of private work. Contractors... we won't touch them because there are restrictions with the contractors. They ask for all the certificates and everything, safety and health. I have to spend too much money and everything, I said no, forget it.'

'I rather stick to smaller jobs... if I go and employ more than five people in the industry, in the workshop...then I'm going to find I've made a loss...I am not going to spend £100,000 on the machinery updating and all the costs for policies just for the sake of it. So I am keeping below five employees...purposely to avoid all the hassles and costs.'

'My understanding is, if they have some kind of indemnity, mine covers for me and what I do on my little bit, but if you go on a big contract then you take on the responsibility for the whole of the place or some you know, sometimes it's difficult to get that money together to pay for that increased insurance. It's not always good. You know, you can justify it after you've got it, but sometimes you've got to spend money to book these guys. So you can go in with the big contractors through another subcontractor who employs you as a subcontractor, but going directly sometimes can be expensive.'

'Yeah, the level of insurance. Problems in getting the staff, time and sometimes it's a price thing as well. For me to work with one of these organisations I'd have to go and find the site that they are going to be building on and we tend to find out as soon as they start, you don't get to hear about it beforehand. You are too busy working; you have not got time to go out and read a paper or anything.'

No Slice of Government Funded Projects

'A pretty big problem is government grants where there's a company called EAGA... it's government run and the government give them the contract and customers can get anything up to £2700.00 off their heating system. The problems companies like us face are EAGA have set up independent companies and EAGA are making sure they are the only ones that can give out the £2700.00 vouchers and the smaller companies like ourselves...are only being offered the £300.00 voucher system and what they are saying to us is it takes you months and months to get onto the system but I don't know of any Asian engineer in Coventry who is on the £2700.00 voucher system...they are just waste. Now we have tried to get on to the £2700.00 voucher system but we just can't seem to get on it so lose the bigger value work.'

'But this is where the bigger institutions, they are playing. They are getting it. They are spending it somewhere else. They are not coming my way.'

Language

 'I will go out. Susan is here. She can handle the office side while the workshop side it's my father's responsibility…and obviously it's the language problem…but on the other hand, timber-wise my dad can handle anything timber-wise. He can understand the problems of whatever…but it's the communication.'

Minority Businesses have to Work Harder

'You know, it's kind of getting the initial break, getting the foot through the door and to say that we can play on the same field as everybody else, to the same standards as everybody else.'

Large Construction Company Business Models Exclude Minority Contractors

 'Well if you do this, if the council say, we want builders to send in their emails or send us an email of your address and your letterhead; so you send them, they'll put it on a database and then obviously they fire out the tenders to you then because I mean there's a national house shortage at the moment. They have to build. But what Birmingham will then do is give it to the big boys because they have got 250-300 houses so they won't tender it out to us, they will go straight to Bovis, Taylor Wimpey blah, blah, blah and say right, here you go. You've got to build these but we will give you 25%, the rest 75 has to be for sheltered housing and then there you go, start building it. I am not saying that they don't use smaller businesses it's just that we've never had the opportunity to inspect any of their quotes or tender for them at all. I mean they must do it. I mean I don't think Taylor Wimpey has got three or four hundred employees, labourers on the job. They will give it to their site manager and their site manager will then break it up like I do. You've got the brick work, the foundation, the block work, the interior, the windows, the doors, and he will send that out to tender but he will only send it to people he knows.'

'You are only a worker for them. They won't ever accept us as a firm like. *They will use you and they will give you repeat work. But they will never let you get a step in with them that you take a bigger contract'.*

'As a business, the majority of the models that you see in play are that they don't engage small contractors because smaller contractors are always perceived as a part of the supply chain further downstream. They are not part of the major thing and that is part of my disappointment actually.'

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The Business Case for Supplier Diversity

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'I think they should have to manage diversity because 99% of the time they won't even look at Asian companies unless they are told to.'

 'If they worked with somebody like me they would get more than their 9 to 5. They would get more commitment to the job and obviously if it is worked on a priced work my guys would get in there and finish it quicker so we can get the money at a faster rate. I mean we work like that. We don't work to the constraints of you know, getting there at 8 o'clock, have your cup of tea, get ready, get on sites at 9:00, 4 o'clock you start packing the tools while at 5 o'clock you are gone. My guys don't do that. My guys are on site at 8 o'clock and they are working at 8:10 and then come five o'clock if I walk on site and say "guys, I just need that finishing, that finishing, that finishing', they will finish it before they close up and go".'

'It's obviously helping them working with minority businesses…it's like working with a different crowd isn't it…so obviously we're going to be working differently to how British builders work…obviously it's the same building work regulations but it's going to be different in the sense that there's a different understating… a different way of working maybe…because with like some British guys, they work Monday to Friday and or maybe Monday to Saturday…but Asian guys are willing to work on Sundays as well which is known as probably an Indian day. Like you know now that normally on Sundays shops used to be closed…but when Asians came over to the UK they would open their shops on Sundays…so now most shops are open on Sundays now aren't they?…which I think may have been influenced by the Asians. So, obviously I don't want to sit here and kind of say oh British people don't work hard because they do work hard, but I think in some ways, Asians go that extra mile. Because you know British guys are known to sit there and have their Sunday lunch, whereas Asians don't….which is probably bad for their family…but it's good for their construction company (interviewee laughs).'

'A prime example, when I had a bigger workforce I went on sites and one of the chippies was cutting hinges out on a door so I went in at half ten and he'd just stopped to have a cup of tea. So I walked on site; he is cutting out a hinge, and I have gone, okay, so what's happening today? I have got to put these doors on, four doors, and do this, do this, do this'. So I left the job, came back at 3:30. One door had been hung and that was all that had been done. So I said to him, "What have you done today?" And that was enough. He walked off in a huff and he left the site and he quit because I just asked him, what have you done? The next day one of the other chippies came and said look, you have lost your best worker and I said really? I said watch this, a guy called Laddi, I said Laddi, like I need these doors put

up. He goes no problem, are the doors here?...I said yeah, he says fine. Then I left him at 9:30 in the morning, came back at 3:30...eight doors had been put on. I said to the chippy, I said you see that?'

'I am very confident that my product will be that good that we will be able to export it, very much so. It is going to be very beneficial for our company and very beneficial for Leicester itself, because hopefully we will be able to grow such a huge size that we will be listed as one of the largest firms in Leicester. We would be helping out with the employment and looking after as many people as we can. It is going to be the most successful part for the whole thing to be honest.'

'They have got the contracts and they are building schools, refurbishment in a places like Lozzels, which predominantly are actually minority areas...you know full of Asians and black people but they don't seem to be taking people from the community. They will be taking contractors...so things like that would be good. If you are going to go and build something for the community and with council money it will be good to get local trades in and not just ethnic minority but local people, be it black or white, Irish, whatever..Asian, yeah. If you're from that locality you take part in that contract.'

'Well obviously, I think it will all boil down to getting the work done cheaper... rather than using the same contractors they are using all the time. Just give the smaller business a chance to try and expand.'

Large Construction Companies can demonstrate they are Socially Responsible

'There are benefits for them in the sense that obviously, it shows that their company does look at minority businesses. Obviously, it gives their company a good name...that they're out to help the community, help build the UK in terms of helping small companies to grow...that this large company helped this small business build itself up to this far.'

Cost Savings for Large Construction Companies

'In the long run it might be cheaper in that I think Asian builders are a lot cheaper than the other builders...this is what I'm speaking from experience I've had so far....so obviously they're going to save on money, so they're going to make more money for themselves.'

'Basically...yeah...giving other businesses the opportunity to tender for work that they have given to contractors they have used for years and years could save them hundreds of thousands of pounds a year.'

Knowledge & Understanding of the Minority Community

'You've got some of these big boys trying to build holiday homes and other properties in different countries. So imagine if they, you know, if you say India is a growing economy, yeah labour is cheap out there. You can get construction done there...but who do you use as the person that's going to be the in between?...it would be good to use us. We can go out and know how to manage those building processes. At the same time here, you could have say, people are going to be building Gurudwaras, Mosques and these places of worship or places which represent or support the minorities...they could have ethnic minority builders involved'.

Better Quality & Productivity
'We had a carpenter who once worked for us who had come over from India...and he could make frames from scratch, window frames, door frames, you know from pieces of wood because nowadays, in the current industry here it's all pre-produced and you bring it along and you tack it on the wall. This man could build things from scratch and those type of skills and abilities, there's not much in this country but those who can do it are charging higher rates because they know there's only a few people. We were lucky to get him on a normal rate and he was building stuff for us.'

'So that we can get an opportunity to go forward. We can show them what we can do as well. We feel that they will like what they see and the ways that we can do it as well.'

DRIVING SUPPLIER DIVERSITY IN THE CONSTRUCTION SECTOR

Communication, Communication, Communication

'More awareness of the fact that there are tenders going out and that's what we need. We need the councils and these housing associations to approach us and say…you know, it doesn't take ten minutes to write out an extra fifteen letters to send them out and say… it would actually benefit some of these housing associations and the councils because they could be getting the work done at a much cheaper price.'

'Of course they should. They should give the minority, small businesses like ours chance to tender for these contracts.   We don't hear about these contracts. We don't see nothing in the press…we just hear that so and so company has won this contract and they… you know… I don't know how they win a contract.'

'Its good to get some kind of communication like emailing or phone…texts are okay, There are banks sending me messages via text of my account, so building contractors can.'

'You can put a big sign up saying "subcontractors wanted for this, please contact". But then again, if they are getting the money say from the council to do the development…then the council should say these are our recommended builders and contractors that you should engage with. So then if the council would have set a time table of building work, you know, then we could say then okay, if you guys are going to engage us then we will keep that free but you've got to let us know about the state. I mean there's all these processes but in the end of the day nothing is done. There's a lot of things too for the council…old companies they use if they win a contract…they just get on to the job straightaway. You can't spend time recruiting.'

'What they should do is the councils should actually write to all the businesses in Coventry…. it's the council that receives the government money so they should actually write letters to us and say look, there's a contract going out for 200 houses that need central heating and help us tender for them for that type of work.'

'Communication, you know, just communicating with us properly.'

'We need more information, that's what we need. That's the starting point. We need to be made aware. First thing we need is meetings with the bigger companies to allow us to start tendering for some of this work, that's a starting point. There's nothing we can do until there's a meeting and then we get told that these contracts are going to be out to tender…that's the starting point. Obviously you are going to come across problems and then we will know whether we are getting these contracts or not…and why we are getting some of these and not others and is it truly down to price or is it down to something else.'

'If they want to tender out a job…say a job in Birmingham…they need to let all the contractors in the area know…it's all about letting people…that's what it's all about. It's how do you find these contracts?…so if we could find out "oh hang on I mean there's a job going on there, let's price it up, and put a price in for it", then we have got a better chance.'

'Consulting….they can send us like a letter, like job sheets so that they write down about their demand…then we can make a price ourselves. We can fill it and give it back to them with a quotation. If they have a few calls, like three or four calls with the lower prices, when they decide who they're giving work to they can call other three which ones were higher or they can send us forms back with feedback to show the way I am running my business…so I know for next time'.

'They need to spread they're programme so it's UK based so all minority businesses get a shot at the work. So if there's work available in my area, making sure we get to find out about the opportunities.'

'Besides them displaying on the front door that the buyer is…you need to contact them. Whatever happens in the industry, it is always going to be difficult to find the right person you need to speak to I think and for an organisation to help display who the right person to contact is, I don't think that actually is going to happen, but what would make it easier for me; more informative website, something like that, when contracts are actually issued to the right person to contact… any queries or who you are actually dealing with and stuff like that would help, and also if any of these large companies were actually doing any articles or were in any of the trade magazines and they were trying to attract companies like ourselves, just a small paragraph at the bottom to say this; if you are interested in dealing or supplying for this contract please contact'.

'You can put a big sign up saying "subcontractors wanted for this, please contact". But then again, if they are getting the money say from the council to do the development…then the council should say these are our recommended builders and contractors that you

should engage with. So then if the council would have set a time table of building work, you know, then we could say then okay, if you guys are going to engage us then we will keep that free but you've got to let us know about the state. I mean there's all these processes but in the end of the day nothing is done. There's a lot of things too for the council...old companies they use if they win a contract...they just get on to the job straightaway. You can't spend time recruiting.'

Advertising to the Minority Business Community

'We don't know how they advertise ...or the council or something can better do advertise in a way which we can know in the paper or something...or any internet website or something that we can find.'

'Maybe advertising someway, or some kind of campaign to let them know that Asian builders are out there and that they are fully qualified to hold larger contracts. Maybe, if an Asian guy won a large contract like on the new stadium for the Olympics 2010, then obviously that's gonna be media...the media's going to be related...so obviously, if they see an Sikh guy standing there..or a Muslim guy standing there...or an Asian builder standing there saying like 'oh yes, we've just built this'...then obviously the large construction companies are gonna think 'so Asians know what they're doing'...because obviously an Asian face next to a large building like the stadium...then there you go.'

'Well, the stepping stone...the biggie first is to get us on the database. Once they've got us on the database we can go from there. Obviously monthly meetings and just making us aware...you see, they have only got to make us aware that there's a contract...that this contract is going to go out to tender. The rest is down to us. It's as simple as that, you know. The next is down just to get a price together and see if it can fit. It's just having a chance. It's just been given that chance, that's all we want, just that chance.'

'Advertise where we get to see it...I mean you've got the Eastern Eye, you've got Asian directories, MSJ, stuff like that, they do it, and I mean they can even advertise through architects, firms, you know, it just depends on how much work they want to put into it. All we could do then is tender. Tender for the job and if we get it everything is happening; if we don't get it, I will move on to the next one.'

'Advertise in a way which we can know in the paper or something...or any internet website or something that we can find.'

Need for a Database of Minority Contractors

'They should have a database that's got a group of companies like ours that they can speak to and say look...we've got so and so many contracts going out to tender so they shall have a database of all companies and not just a group of companies that they are used to working with. They need to have all of the companies there basically. Everyone else knows so everyone else gets a fair chance in trying to win that contract.

'I mean they've got to advertise correctly. I mean I have never heard of any of these big contracts unless you hear it in the newspaper that it's been awarded to so and so. I mean Birmingham City Council should advertise in the relevant newspapers, in the relevant press. They should have a database of all the registered builders and basically they should send out mail shots. I mean if all of a sudden Birmingham City Council turned around and said right, all the builders that are on their list with building control, okay, so building control have actually gone out inspected their work, it's easy. We are all on their records so it's not hard for them to set up a database and start advertising and sending mail shots saying right, we have 12 houses in Solihull and these are the plans. With email now, you can send plans on an email, it's easy. Send the plans out, can you please tender? That's the job. Then it's down to obviously...then I won't complaint that I don't know. If I lose the tender because somebody else has gone in cheaper I can't say anything but then again, if I know a certain councillor and I go and say to them right I have got this email off you, what you are saying, no problem. I will send you the lowest tender. There you go and the job's a good 'un.'

'It needs everyone to come and meet half way. So the small guy needs to know that there's opportunity to be able to go forward and get the opportunity and exposure to larger works. The bigger organisations need to know where to go look but I think it's harder because the large organisation, he can say yes, okay, I am at a point now where we will look for small, ethnic construction companies or Asian or non-white organisations and they can do that but where do they go and look?'

Reduce Length of Payment Cycle

'If they pay every two weeks, you are in with a fighting chance but they are paying 30 days, but don't forget you work for 30 days then a quantity surveyor will come on site and measure the amount of work you have done. Then you'll agree that work and then you'll invoice the client and they have a further, either 30 days to pay you.'

Supplier Diversity Initiatives should include Breaking down Contracts

'I think a positive action scheme is definitely worth considering but I think they also need to be aware of the size of that company...like I say, most black contractors I have met tend to be smaller outfits. So they may be looking at what work would best suit smaller contractors rather than thinking we will put it out to tender and now you know, you can come up with the right price. Can you deal with gas servicing of 3000 properties in a year? Well it's not going to happen. But what they could do is, which is what some housing associations have done, is they have split the scheme of works. That gives an exposure then to smaller organisations.'

'If they have the contracts and if they can break the contracts down further enough then I believe that they should. They have a duty to.'
'It's got to be managed internally. It has to be managed internally. Anyhow it gets external then forget it because think about it, if somebody gave me a contract worth a million quid and said to me that's your contract then my main objective is to be how can I get that done for the cheapest rate that I can make the most amount of profit.'

'The conglomerates or the people that are offering the big boys the contracts need to break them down. The big boys will not break contracts down, that's the bottom line. I mean say for the NHS to come out and say we are going to give the whole contract to one person is wrong. They need to give the build contract to somebody. They need to separate off the plastering contract and then they can give that to smaller companies because they can deal with it then.'

Government Intervention

'The government needs to get involved with funding us and changing you know, JCTAT contracts around in favour of the builder.'

'I don't think it's them. I think it's down to the people that are giving these big guys the jobs, the highways agency, the councils, you know, government bodies, they need to be doing all this, not the big companies. I think it's, pushing it on the big companies is just another way for it to be filtered out.'

'There's got to be some sort of government body that watches over the tendering of jobs and especially like universities, schools and any government buildings like, yeah, they should be done by a body who is like independent right...when it comes to all these contracts and they can question how they're given out... they've got to be independent, you know what I mean?...where there is no benefit to the intermediary by giving this work to any company. They've got to govern it and they are going to look into say for one company keeps coming out on top, how can this company keep coming out on top?'

'What the government and the councils and everybody needs to do now is to get on to the banks and see if they can lend, that's the bottom line. Otherwise the manufacturing industry in this country has died, the building side will go the same way. I mean you've got contractors coming from outside of the UK now starting to get work here and that's the way it's going to go. You have got the Polish builders coming in now who are doing work so cheap in London it's unbelievable.'

'Maybe some kind of government initiative to help minority companies get into a big build contract like that. So obviously, Asian faces coming forward saying look an Asian guy did build something big like this. And, maybe some other new buildings that governments are building or that are funded by the government or by the lottery, where they go out and say 'okay, for this one we are going to use a minority company'....so you've got the face of an Asian who built this...because obviously that's going to build a reputation around the whole of the UK. Maybe it can be a part of the contract. Like if it's a school build which is funded by the government, then they include in it as part of the contract that you have to use a minority builder for at least 40% or 50% of the build. I think at the beginning it's always going to start off like that, so the government's bringing a part of it's contract to sub at least 40/50% of it to a minority company...but then after a while, it will just become practice because obviously at the moment, larger construction companies don't have any contacts with any minority builders. And then after this initiative has been built in where they have to sub a proportion of their work to a minority company...you'll build that rapport with a minority company and they'll automatically start using you once they know how you build, how you work.'

'It would be fair because it's not like I've asked for 100% per cent of the business. It's kind of...it's still 50:50 so it's still fair. That's the reason why I did say 50:50 because you don't want to push them out as well because they need to earn a living as well. But it's kind of like at the moment it is unfair because we're minority and we're ethnic and we are getting pushed out...and it's obviously got nothing to do with our qualifications or the fact that we're not capable of doing the work because we are capable of doing the work.'

Education & Training on Working with Large Construction Companies

'I think there are two ways – one, we need to understand better what is required of us and how to work with these people, and the companies have to understand that we may not be able to meet the required insurance levels or required staffing and or have the qualifications, and the certain paperwork that they require.'

'Then we will find out about work and everything else is always down to price, right, and obviously quality of the work as well. If you can get information on where these jobs are and where we can price them we can then, it gives us the opportunity to at least being able to price the job and once we do then the business should hopefully pick up from there because we are quite confident in our work to be able to get repeat business.'

Move Away from using the same Builders

'They have got the contracts and they are building schools, refurbishment in a places like Lozzels, which predominantly are actually minority areas…you know full of Asians and black people but they don't seem to be taking people from the community. They will be taking contractors…so things like that would be good. If you are going to go and build something for the community and with council money it will be good to get local trades in and not just ethnic minority but local people, be it black or white, Irish, whatever..Asian, yeah. If you're from that locality you take part in that contract.'

'Well, for minority companies I am not sure what else can be done because we are going out there and we are working right, well I know I am working right. You are doing everything to standards to the law and I think that if things have got to be changed, I think it is by the larger construction companies… they have got to actually think different and think okay, let these guys in and give them a chance. For me, I think I am doing everything right by following standards letting the qualified, accredited people work for me. So to me, I think I am doing everything right and I don't think why, I can't think why a larger construction company wouldn't let me in.'

'When the big boys went under…the going rate that they were paying for skilled labour range between a £150 and £200 a day. Now how many people went out of business or lost their jobs? I'll try to look for work now. Now they are getting a maximum £100 a day. So the wage bills, because there are so many out there, there is so much fighting happening to get the jobs, prices are tumbling, people are working for whatever they can. It's difficult and that's why they need to fund or they need to split off so the little companies can employ these people and get them back into business again because I mean the beauty would be for the big companies to give the little ones a go and then hopefully they amalgamate with them.'

Councils to Play a More Effective and Crucial Role

'Most of the big buyers, they will not go into that. It only starts in the early stages… the architects and the quantity surveyors…they prepare these things. If they did something in the early stages…the beginning stages…then the contractor – they cannot move. They will have to give us a chance if our name is included on their list.'

'Just Give Us a Chance'

'They must interact with smaller businesses. If they do open days, seminars, come in and visit us, I mean have a look at where we work. Let's introduce ourselves to you; introduce yourself to us, you know, that would be one of the barrier breakers, which is probably one of the biggest and we could actually see somebody face-to-face and have a chat with somebody that is a decision-maker, that would probably be the best way to do it on that side of it. Don't just give it to your site managers and let them carry on with it because don't forget these guys have been building now for nearly 50-60 years. They have got their brickies, they've got their chippies, they've got their window guys, you know, and breaking the cycle on that is a personal issue because they are personally attached to these guys so for them to go elsewhere is a big thing. If a certain site manager gets sacked and a new site manager comes in you may have a chance but before that it's never going to happen.'

'There is nothing that we can do; it is something that the larger construction have to do in that they need to let us into their door, open their doors to us…but if they have got a bad image about us then why would they let us in? Then I could try as hard as I can and I am not getting past the doors.'

Encourage Supplier Diversity amongst Tier 2 Level Contractors

'I think it's still very much a case of the middle tier dealing with it, so it's the tier two dealing with the tier three. I don't think it's gonna work with tier ones dealing with tier three.'

'What you want is you want medium sized organisations passing the work on to smaller organisations. Large passing it down to small just isn't going to happen.'

Supplier Diversity has to be an Industry-wide Initiative

'It has to be an industry-wide way of thinking. If all the larger companies look at taking on smaller contractors then it will probably come into force more easily than if only one or two of the large ones try to do it. But somebody has to lead the way. Also it's having maybe a register of small contractors.'

Lose Pre-conceptions of Minority Contractors

'I think it's trying to move away from that mindset when they see Asian companies, they will have that, they will have that pre-thought which is that guy is an Asian, you know, is it going to be done professionally, is it going to be done to standards?'

'I think if you want to get people to honestly do that they have to have faith in those people to be able to have the skills and ability to do the job of a high standard and within the time allocated.'

'Don't be scared of being involved. Be aware that if you are building things for diverse communities, get some diverse builders in so that you can understand the need for that community. Come out and see us. Basically come out and see our work, you know, understand that our level of, there are quality builders.'

'I would like to at least have an opportunity to be able to prove myself to these big contractors. So if they are aware of us, they have trust in us, so if they do need us, they can call upon us. .'

Recruit Buyers from Minority Population

'They could do that by probably getting rid of some of the staff that they've got that don't let the minorities into the system. That's where you'd start.'

'I think what we do need if anything is more people within the bigger firms, the big contractors, more ethnic minorities working there so they *can champion our cause or they can recommend us.'*

'What will make that happen is communication…Yeah, definitely, it's definitely letting smaller companies know about the work and instead of having one person sitting at the top have several people sitting at the top looking for minority companies…And they should have Asians to run the programme…and then it will happen.

'It can be achieved if there is somebody in our minority community or in our field to go around and see the architects and put our name forward.'

The Possible Role of Supplier Diversity Intermediary Organisations

Helpful in Early Stages of a Business Setting Up

'I think if you are setting up, it's a fantastic idea or if you are looking to expand, I mean if we were looking to expand and we knew that the work was there, yeah then it could be something we can look at.'

'Oh brilliant idea, yeah.'

'I think it's a good idea…initially at the early stages of my business it's a good idea…but you don't want it to be a permanent thing'

To Improve Visibility of Minority Contractors

'Just to get our name out there…I think that's the only purpose of it…to let larger construction companies know that minority builders are here and that this is what we can do. It's just a form of advertising really isn't it…that's the only thing they could do I think…because I wouldn't use them for anything else. I wouldn't want to turn to them for advice in anyway because I'm the construction company, I've got the qualifications, and I know what it takes to be a builder…what I need to do as a builder because obviously if I didn't know that then I wouldn't be a builder. So, I've got all that with me now already, and the only problem we're having now is the larger construction companies don't know about us…they don't know how qualified we are and how much building we can do and what experience we do have. So, the middle person would just do that….let them know this company is out here, this is the qualifications and experience it's got.'

A Bridge Linking Minority Contractors with Large Construction Companies

'Well, the stepping stone…the biggie first is to get us on the database. Once they've got us on the database we can go from there. Obviously monthly meetings and just making us aware…you see, they have only got to make us aware that there's a contract…that this contract is going to go out to tender. The rest is down to us. It's as simple as that, you know… and the intermediary… if they can make us aware that there's a contract and let us know the details. The next is down just to get a price together and see if it can fit. It's just having a chance. It's just been given that chance, that's all we want, just that chance.'

'If we are put into contact with organisations who are looking, who have got contracts available and for us to be able to have the opportunity…the intermediary company could then give us advice on how to win the work…what we need to do is to be put in a position where we will stand a good chance for being able to successfully tender for a contract and maybe be the ultimate winner.'

Minority Contractors Against the use of Supplier Diversity Intermediaries

Why should we be treated like we have 'Special Needs?'

'You're not using an intermediary organisation for a British builder are you?....so why then do we have to have special needs?...why do we have to use an intermediary?...why do we have to pay fees to join an intermediary organisation just to find out about contract opportunities? So, initially okay…because there's an issue out there, maybe at the beginning stages you do need a middle man to kind of let other construction companies know that there are minority builders out there and maybe that's the only way that we can get hold of contracts at the beginning stages. But I wouldn't want it to be a permanent thing where this is going on for another 20-30 years.'

No Time to Attend Events

'I ain't got time to do that because in the end you're taking a day out. If I go and pitch, go to an event and then pitch my business, I'd rather just say okay, here's my details, it's on a directory, in the evening come and see me. If I spend a whole week to prepare for that and to attend a supplier diversity event, there's no guarantee of work…and in that week I could go along and see some, you know, a local shop needs a hand, a house down the road needs an extension, now the weather is going bad there is roofing work, the tiles missing, leaking roofs. They can represent us. They could champion our industry. That's where there is benefit but they have to understand that we are trying to sustain ourselves, trying to make our money and it can distract us from that. It's not good.'

'It's just a PR Exercise'

'After the last couple of seminars that we have been to where the larger companies are looking to deal with smaller companies, there have been encouraging conversations, but nothing really developing from there. And the way the larger companies sort of addressed the

last couple of meetings and the seminars that I had been too…they dangled a little bit of a carrot saying that they helped this company to grow this size and now he is 25 man band as their example. It is great and it is quite encouraging for some of the firms that were there, but what was a little bit frustrating for me was that you have this conservation the buyers and they start off their sentence with you by saying 'we already have a joinery company we use and we have done so for years so it is virtually impossible that you are going to get in unless you had something to say!.'

'They say sorry this joinery company makes our joinery so it is very difficult first for you to get in. But I think if we can show how good we are and what we are all about and we can put the point across that we are completely different from every other joinery company, I am so confident that the larger companies are going to be bending over backwards to try and deal with us. Really actually we are in a different position to the other minority businesses because there is so much more that we can actually offer the other larger corporations.'

Intermediaries cannot solve the Root Cause of the problem

'Intermediaries, it boils down to the same old adage again. They can give you the jobs all day long. If you can't physically fund them you are stuck and that's the vicious cycle. So I could go to an intermediary, meet a buyer face-to-face and he says well, I need ten houses build. Okay, but I am going to pay you after 30 days, then you have got to think to yourself right, I have got to pay for this, this, this, this, I have got to pull out £35,000 maybe £40,000 that has to be in my account before I can get anything back. Can I afford it? Can't do it mate, not with my cash flow at the moment, I can't do it.'

'Intermediaries are there for their own pockets'.

'They are there for their own pockets, right, and whatever the grants, the money they are getting it is going into pay pockets not my pocket. They will not help me out. I have tried that. I know the basic Asian communities here.'

Paying for Membership of a Supplier Diversity Intermediary Organisation

'It depends on the benefits. Could say well, this is your membership, we will take care of everything…we will represent you….we will do this, that and the other and help the company get the contract, fine. …I would pay for that. But if you are found paying them just for a list of names and numbers then I'd rather be looking for everything myself. Yeah, but then who else are they going to do that for? There will be me and about ten others. Exactly. So I am paying for someone to get me involved with competition…it doesn't makes sense? If I wanted to go and compete I would go and compete on my own…there's no point in me paying you to put me in front of someone when you have ten others in the same room. If you are saying well guess what, you pay this much a year, and we're going to put you in front of this company, and put all of the other members in front of the company, I don't see the benefit in paying for that.'

'Initially I would, but I wouldn't want it to be like I was saying a long term thing. So I wouldn't mind paying just to get my name out there…if that's the only street I have got to get a larger contract then that's what I would have to do.'

'I wouldn't like to pay for it because the thing is we should have that opportunity anyway. We shouldn't have to pay for something that white firms don't have to pay for. Why do we need to go out there and pay for information that should be supplied all over the country anyway, like to every company?'

DRIVING SUPPLIER DIVERSITY
The Role of Minority Contractors

Find Time to Engage with Large Construction Companies

'Engage with them more. But then again, it's difficult isn't it…you're busy'.

'It's more our problem, you know, we don't, it's more my problem, maybe I am not motivated enough to find out where the tenders are released and educate myself where I can get hold of the work, how to bypass their company kind of thing. I need to be able to educate myself and which is easy said but it's hard to do when you really need to know, like I said at the beginning of this conversation, it's all about who you know. You could possibly educate yourself to a certain level but you won't be able to get the foot through the door because these people already know each other. They have been doing business for the last 15-20 years and it's all about putting in money in the right place and you know what I mean.'

Target Marketing to reach Large Construction Companies

'I think what we need to do is educate ourselves in being able to go for these jobs…advertise and let ourselves be known and I mean a lot of our business comes from word of mouth but we need to do more…we just can't just depend on word of mouth.'

'We don't advertise really to aim for them either because you know, it's, how do we find them?...so it's difficult for them to find us as it is for us to find them and because we don't get ourselves out there, we don't invest enough money…we haven't got the money to be investing into advertising so much. It's a catch 22.

Issue of diversity within Minority Businesses

'You know what, it's not just the big guys who are at fault, most of my builders are all Asian…most of the guys I employ are all Asian. Someone could say the same to me, why haven't I got more English people with me?…you work with who you are comfortable with. So no, I can't really say that the constraint is on them…the buyers have to do x, y, z and we being suppliers have to do this. All the guys that I have ever worked with have been Asian so I am at fault for the same thing.'

'I reckon what these bigger companies need to do and ethnic minority companies need to do as well is start mixing their own companies, you know, so within my company I haven't just got all Asians working for me, right, and within their company they haven't just got all white people working for them.'

'We are driving it at the moment and the big companies aren't driving jack. We are driving all the diversity. We are driving the small business initiatives. We are driving all that. We are the ones that are not getting any help to do it.'

'We are never going to do that…we are never going to get that £40-50 million contacts. It's never going to work. We can build it, you know we could do it. I can get the labour… you see this is where that doesn't need to be done at that stage, it needs to be done at my stage because we are doing that. We are doing the diversity thing. We are bringing in the smaller builders. I am bringing in the smaller subcontracted builders to do my jobs. Taylor Wimpey is not doing that. I mean you can walk on my site out. I have a got a subcontractor brickie, I have got a subcontractor roofer, a subcontractor kitchen guy, I have got a subcontracted window guy, subcontracted electrician, subcontractor plumbing – all working on my site. All minority businesses. They are all minority businesses. One man bands, guys with three guys, five guys, seven guys, eight guys, twelve guys. Now the brickie, if I needed more guys he can get them. So that's where we are doing it. They are not doing it.'

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A REFLECTIVE JOURNAL.

Harvinder Boyal-Seth

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A REFLECTIVE JOURNAL

'Learning is a relatively permanent change in behaviour, with behaviour including both observable activity and internal processes such as thinking, attitudes and emotions.'

Burns (1995:99)

Introduction

If I had read the quotation cited above at the beginning of my DBA journey, I can honestly confess that it would not have meant an awful lot to me at the time. My response would have been something along the lines of 'that is so text book' and not a single part of the quotation would have 'pushed any buttons' with me. Five years later, having completed the DBA, I read this and I said to myself 'You're damn right it is….if I were to plot a type of learning curve for my thinking, attitude, and emotions through this DBA…the curve for me has shot through the roof!'.

In psychology and education, 'learning' is commonly defined as a process that brings together cognitive, emotional, and environmental influences and experiences for acquiring, enhancing, or making changes in one's knowledge, skills, values, and world views (Illeris, 2000; Ormorod, 1995). Learning as a process focuses on what happens when the learning takes place, and these explanations of what happens constitute learning theories. A learning theory is an attempt to describe how people and animals learn, thereby helping us understand the inherently complex process of learning. There are three main categories or philosophical frameworks under which learning theories fall: behaviourism, cognitivism, and constructivism. Behaviourism focuses only on the objectively observable aspects of learning. Cognitive theories look beyond behaviour to explain brain-based learning. And constructivism views learning as a process in which the learner actively constructs or builds new ideas or concepts. The purpose of this journal is to provide the reader with an outline of my personal development over the past four years which originated through a previous combination of academic and professional enquiry, through the lens of these learning theories.

Meeting the Supervisors: Pain or Pleasure?

My very first meeting with my supervisors was held back in 2006 and for me it has to be one of those days that I will never forget for the rest of my life. I mention this meeting now because it

demonstrates quite clearly what I mean by my opening statements above. The research area I pursued for my DBA was to assess 'The Business Case for Supplier Diversity in the Construction Sector'. The reason behind me choosing this topic was first and foremost, it had not been researched before so my thesis would be the first of its kind in the UK and it would be adding to the current literature. This was backed by my second reason for pursuing the research – I used to work as a researcher at De Montfort University for the Centre for Research in Ethnic Minority Entrepreneurship (CRÈME). During my time at CRÈME, we were running a supplier diversity pilot programme which was funded by the East Midlands Development Agency. As well as acting as researcher, my boss at the time saw I had skills from my previous career in the commercial sector which would prove very useful in engaging with the stakeholders we had taking part in the pilot programme. So, as a result of this I was exposed to various organisations which included: large corporations, business support intermediaries, government bodies, and minority business owners. The minority business owners used to talk to me a lot about the barriers they face when trying to access contract opportunities with the larger purchasing organisations. In particular, I was struck by the number of contractors working in the construction sector that used tell me time and time again comments along the lines of: 'The construction sector is racist….we want to work with the bigger companies…but they won't let us in'.

On hearing this theme on countless occasions, I very naively came to accept and understand it to be true – I got 'sucked in' if you like. But it wasn't until I had my first meeting with my supervisors when I was trying to articulate my thoughts about the research area I wish to pursue for my DBA that I realise now looking back just how naïve I was. You see, I had a major shock during my first meeting with my DBA supervisors when one of them in response to my research proposal said 'I think you're racist!'.

I thought 'Me…racist?...I'm a British Asian myself who has experienced racism…how can I be racist?..I'm far from a racist…how could he say that to me?'. I left that meeting feeling totally embarrassed and distraught. This was especially so as I had already heard from several of my DBA colleagues in my action learning set that they are experiencing serious problems with their supervisors – I thought to myself 'Oh no…I'm one of them…I'm one of the students who has got a horrible supervisor…my supervisors think I'm stupid…this DBA is going to be horrible…how will I get through?'. I actually felt physically sick in the stomach about the journey I had embarked upon and could not concentrate in my seminars because all I kept hearing in my head is 'you're supervisor's got no respect for you…he thinks you're a racist…he thinks you're thick'.

Five years later, and reflecting on that first meeting, I realise now it was my supervisor doing what he does best….to challenge every single word that comes out of my mouth. Having gone through every stage of the DBA, one of my major learning points from that nightmare first meeting was 'do not take at face value and believe bold statements that people may make'. Rather, I now ask 'Where's the evidence?'. And that is exactly what I have learned to do – be careful about what I say, how I say it, why I say it, and make sure I have substantial evidence to back up my claims – most importantly, I have learned through the DBA process to not assume anything to be true….do not make reckless assumptions. This is definitely demonstrated in my writing up of my research in particular during Documents Three to Five – I now ensure I justify every sentence I write and demonstrate the importance of methodological rigor in my research.

Differences in Learning Styles

The idea that people learn in different ways has been explored over the last few decades by educational researchers. Honey and Mumford (1986 cited in McGill & Beaty 1995:177) building on Kolb's work, identified four learning styles:

> ➢ Activist (people who involve themselves in new experiences and enjoys the experience itself).
> ➢ Reflector (people who are cautious and thoughtful, preferring to consider decisions, spends a great deal of time and effort reflecting).
> ➢ Theorist (good at making connections and abstracting ideas from experience, people who can interpret their observations into their own cognitive models).
> ➢ Pragmatist (enjoys the planning stage, people who are keen to apply new ideas).

There are strengths and weaknesses in each of these styles. Honey and Mumford argue that learning is enhanced when we think about our learning style so that we can build on strengths and work towards minimising weaknesses to improve the quality of learning.

When I look back and reflect to consider which one of the above best describes my learning style, I have to admit that I do not 'fit' into just one of these categories alone. Rather, I can find numerous examples of where I have played the role of an 'activist', 'reflector', and 'theorist'. To elaborate on this, during the latter part of my DBA when writing Document Five, I can see how my role developed as an 'activist'. I thoroughly enjoyed the research journey at this stage because now I was nearing the end of my research and I was generating new conclusions, new models, and new recommendations – I really felt totally immersed and engaged and confident with my writing.

Prior to this, particularly towards the end of Document Three and the end of Document Four, I found myself playing the role of a 'reflector' in a very strong way. The reason for this was that it was always at the end of each document where I would find my conceptual framework had to be revised as a result of the new findings. Of all of the diary notes I have kept throughout my DBA, my file was particularly filled with drawing after drawings and notes after notes where I would struggle to pin-point exactly how the new conceptual framework should look. I always found myself scribbling several diagrams down before I actually reached a version where I was satisfied that it truly reflects my research findings. So, generating newly emerged conceptual frameworks was always guaranteed to be a particularly intensively reflective time for me. It was also a painful time emotionally and mentally I might add as I was very strict with high expectations of myself to produce something meaningful and of relevance to interested stakeholders in my research area.

The true 'theorist' in me definitely shone through when I was analysing my findings for Document Five and generating new models and conclusions. It was at this point in my research that I felt I was producing professional work of relevance to practitioners in the field of diversity and inclusion. I was especially 'boosted' confidence-wise when I saw a report released by the Equality and Human Rights Commission which mirrored some of my findings. I remember saying to my husband 'they had to have a team of researchers pull that report off and I've done so much more and on my own….it makes me realise I really have got the potential to speak on the same platform as them'.

The 'pragmatist' learning style says that 'one enjoys the planning stage' – this was certainly a style I had to adopt in that the research required planning thoroughly, however I can confess I really did not enjoy it so I would say I am definitely not a pragmatist. I think the reason for this comes down to the 'perfectionist' side of me where I constantly put myself under pressure to write as good as all the professors I have previously worked with would write – so anything I produced I found myself constantly questioning myself through every breathing moment of this DBA: 'Is this good enough?...could I stand in front of a huge conference audience and speak about my findings confidently?...what will my supervisors think of my work? – I don't want to look stupid in front of them'. I was aware of the immense pressure I was putting myself under throughout the whole of the DBA process – a very painful 5 years – yet I could not help myself. My poor husband, bless him, was continually trying to reassure me and tell me that I am doing great and to keep on going, but this was never enough for me. Until I heard this from my supervisors, I could not rest or quit worrying.

At the end of a Document Five review meeting with my supervisors I was so relieved that my research findings were regarded as acceptable and doctorate level by my supervisors, that I finally confessed to them that I have always dreaded meeting with them over the whole of my DBA programme and that I have always worried like crazy about what their feedback will be, and I have done this for every single document I have handed in. One of my supervisors on hearing this replied and said to me: You create your own little monsters you do!'. When he said that, it really hit me with the realisation that he was right. I thought to myself in my head 'Oh my God Harvi, he's right…you do all this to yourself…they actually think you've done well'. I promised myself at that point that I would be much more confident about my abilities and my work and would move forward feeling stronger within myself and I really meant it at the time. However, a couple of months later and I am doing it again – I am nearing the completion of my DBA and I want to utilise my qualification to set up my own management consultancy and market myself as a consultant and researcher for large corporations wishing to embark on the supplier diversity agenda. One of my selling points is that I am the first person in the UK to conduct doctoral research on the business case for supplier diversity in the construction sector, and I would be the first consultant and researcher in the UK whose business proposition focuses solely on supplier diversity. Despite having published in this field as well, I am still deep down inside of me really scared of putting myself out there – why I do this?....I really do not know. I have seen the websites of very few consultants in the UK who talk about diversity and they do so with no evidence and seem to 'blag' their way through to working with some major organisations. I have never been a 'bragger' and do not think I ever will be. I wish I could find it within me to be really gutsy and take on the competition out there and put myself on the platform as I would love to be recognised as the major player in this field and as 'the' person to come to for

research and consultancy in the field of supplier diversity. Having said this however, I do not 'show' how I am feeling to my audience – these are just personal thoughts and emotions I am sharing here with my supervisors and examiners for the sake of my learning journal. I am working on marketing myself and hoping I win myself my first major contract very soon!

Action Learning Sets

During the first ever seminar held for the DBA, we were all told that we are required to get into groups called 'action learning sets' and we were to meet regularly as a group as this the lecturers said has been found to be very beneficial to the students in previous years. At the time, I had never heard of an 'action learning set' and really resisted the whole idea – I just saw it as one big inconvenience….as another thing I am going to have to fit into my already busy full-time schedule at work. It would be fair to say I really wasn't happy with the idea but just 'put up with it' as it was compulsory.

McGill & Beaty (1995) describe action learning as the approach that links the world of learning with the world of action through a reflective process within small cooperative learning groups known as 'action learning sets'. The 'sets' meet regularly to work on individual members' real-life issues with the aim of learning with and from each other.   To my pleasant surprise, that is exactly what my action learning set did – we would meet and help each other through our 'real-life issues'. I have to say now that those lecturers were absolutely right when they said they find these learning sets help. I grew to absolutely love each and every member of my group. We became a huge support network to one another and had we not formed this group my journey as a researcher would have been a hugely lonely process, which it can be anyway at the best of times, so being able to touch base with each other and push each other to keep going was an absolute life-line. We would always say to one another 'Come on, we're all going to reach the finishing line together' – although some of us have reached the finishing line at different times, nevertheless, we got there and I have no doubt in my mind that our learning sets had a huge role to play in this.

Reflections on the Process of Doing Research

I would say the largest part of my learning through the DBA came by the constructivist approach to learning. Constructivism views learning as a process in which the learner actively constructs or builds new ideas or concepts based upon current and past knowledge or experience. In other words, "learning involves constructing one's own knowledge from one's own experiences." Constructivist learning, therefore, is a very personal endeavour, whereby internalized concepts, rules, and general principles may consequently be applied in a practical real-world context. This is also known as 'social constructivism'. Constructivism promotes a student's free exploration within a given framework or structure - the teacher acts as a facilitator who encourages students to discover principles for themselves and to construct knowledge by working to solve realistic problems. This is exactly what happened during my DBA journey, I would touch base with my supervisors to ensure I was not 'going off track' with my intentions for the direction of the research, and once they confirmed they were satisfied with my approach I would go away to explore and in the end produced some very valuable models of supplier diversity for stakeholders who have a vested interest in this field. Below, I provide some further examples of my personal development and learning.

The Literature Review

Doing the literature review used to be a hugely daunting experience for me. I remember when I had to write Document Two I was overwhelmed with the amount of literature 'out there' and thinking 'how do I cover all of this?...where do I start and where do I finish?. This was all before I learned the art of 'refining your theme and narrowing the research focus'. I looked through my learning journal diary and found pages and pages of notes written at the Document Two stage on 'how to do a literature review'. I read through the notes at the end of my DBA and thought to myself 'Oh my goodness, I can't believe you had to write notes on how to do a literature review…that is so goofy!'. Looking back now though, this is just another indicator of just how much going through the DBA process has helped me to grow both as an academic and a practitioner. I no longer see the literature review as a 'painful chore' but rather now look forward to the exciting things that unfold through carrying out a literature review – the thought of 'I wonder what I am going to find about what other people have already written on this? and 'I can't wait to see what I am going to learn'. I now absolutely love the whole process and believe me, these are words that I never thought I would utter.

'Weaving your Findings through the Literature'

When I submitted Document Three, it was returned to me with a mark of 'pass with minor amendments' – in my typical drama queen style thinking this is the end of the world for me I had a major panic thinking 'Oh my God I nearly failed!'. Once I managed to get over my 'wobbly moment' of which I seem to have many, I relaxed my head to read through the feedback the supervisors had written. One of the supervisors stated that I need to 'weave the findings of my research through the literature'. I remember thinking at the time 'what on earth does she mean….weave the findings…what's all that about?' – I just had visions of a sewing machine in my head!

After putting it off for a week or so, I finally decided to get my head down and attend to the amendments which were required of me from my supervisors. At the start of the process, I was really not happy with my supervisor thinking 'Gosh, she's just being picky now…why couldn't she have just let it go'. By the time I had completed my amendments and received a pass for the document, I recall telling my supervisor 'I'm actually glad you made me make those changes now…I learned a lot and I feel it's a better document now', to which she gave me one of her looks that say 'you see' (I smile as I remember that look). But why I was glad that my supervisor made me go through this process of making amendments, is that I really get what 'weaving your findings through the literature' means now and I actually enjoy it. It's almost as if I've learned to 'craft' my writing and when doing so I actually find myself using a sewing machine in my head to create the 'tight knit' garment ensuring it has no loop holes….I trust you get what I mean here!

Do not make Assumptions during Interviews or Writing

The next point I am about to make is a slightly embarrassing one however it was very early in my DBA that this took place and I am happy to say I certainly learned from my mistake. During the production of Document Three, I was interviewing a director of one of the UK's largest construction companies and I asked him something along the lines of 'what drives the company to implement initiatives to address issues around supplier diversity?' to which he replied 'what initiatives?'. I felt so goofy at the time, I had made the fundamental mistake of assuming the company had such initiatives in place – it turned out he had never even heard of the phrase 'supplier diversity' before. My very valuable learning point (as obvious as it would seem to me now) was to never make assumptions that your audience is familiar with what you are talking about in terms of the terminology you use and to be careful of the general assumptions you are making, and this includes when writing up your research.

Reflections on Personal Development

I recall the first seminars where the lecturers discussed different methodological perspectives – I was absolutely lost in all of the new terminology they were throwing at us. I could not even pronounce some of the words which were pure tongue-twisters, let alone understand what they mean. This had to be one of the scariest times for me where I really felt well and truly 'lost' in it all. So naturally, when it came to writing my documents, I used to really dread writing the methodology sections where I had to go into detail justifying my approach to the research and to do this using the strange language and terms our lecturers were using. As a result of this, I spent months reading into this area and even practising saying the words…'phenomenology'…'ontology'…and so on. It was like learning a whole new language. Looking back now, this was a great learning exercise for me as it gave me a huge appreciation for the 'schools of thought' one can adopt in research. My ability to discuss research methodologies and methods had improved. The best bit for me came following the submission of Document Three – I read my supervisors comments and he wrote he was especially impressed with my methodology write-up! I could have fallen off my chair reading his comments….that was the last thing I was ever expecting to hear, but nevertheless, I was very happy to have read his comments as it gave me a little confidence in knowing I was making progress and developing on a personal level.

Other areas of personal development include the fact that I have much more confidence now in carrying out research independently and would confidently do so for major clients – I could never have dreamt of this prior to completing the DBA. I recall during Document Three, I made the fundamental mistake of not planning before my research exactly how I would later analyse all of the transcripts. I really learned my lesson from that document which went on to really help me during Document Five. During this final phase of my research, I was absolutely meticulous in planning my research to the nth degree and this certainly paid dividends during the analysis stage as I felt in control of my research and enjoyed watching the new themes emerging through every point of the analysis. I also felt so much more confident about my findings because I knew how thorough I had been leaving no stones unturned in the material. In addition to this, my writing skills have definitely improved and I am much more confident in presenting persuasive arguments.

Reflections on Managerial and Professional Practice

Having completed the DBA, I feel so good within myself about the fact that the area I have covered in my research is a sought after area and it is of current importance to many sectors, especially the construction sector with the new Equalities Bill now coming into force – my research definitely has implications for the construction sector and therefore I will be looking to make contact with key figures in the industry who will be very interested in my work.

Having a doctorate behind me will certainly give me the confidence and that 'edge' required to work on a platform with senior management and government bodies to help shape policy and strategy within the supplier diversity arena. It has also given me the confidence to carry out further research for interested clients and make a living from my work. I do not think I would have had this confidence to pursue my career ambitions prior to embarking on the DBA programme. In light of my career aspirations here, I have started the process of setting up my own 'supplier diversity research and consulting' website and have my new business cards printed and ready for my first diversity conference which is just a couple of days away from me writing this journal….exciting times!

In addition to the above, I intend to publish academic papers from my DBA research as I believe that as well as helping me in my career by giving me extra credibility, knowledge transfer is key – it is equally important, and a very exciting activity to do.

The Personal Price I had to Pay

Embarking on a doctoral research programme is by no means an easy thing when it comes to the impact it has on your personal life, and although I may have been aware of this to some degree when I started the DBA, I can honestly say I had absolutely no idea of the 'real' impact it would have on me personally. In the previous section I have highlighted the many positives that have come out of me doing the DBA, however, there are a few negatives too (for want of a better word) that I experienced along the journey.

It all started getting really difficult for me at the Document Four stage of my research. It was at this stage that I met my husband Neal – I finally met the man of my dreams at the age of thirty-five which if you ask my parents they will tell you I left getting married too late. But being the kind of girl that was not going to be pressured by some aspects of the Indian culture, I was determined to hold out until I met the 'right guy' – being the oldest of three sisters I was always convinced I am Cinderella and my two younger sisters were my ugly sisters – so I was holding out waiting for my Prince Charming!

So anyway, my Prince charming finally came…but so did the deadline for Document Four! My Document Four was due a day before I was to get married. My whole wedding planning months were clouded by the thought of trying to complete Document Four in time for the deadline. I was absolutely exhausted with stress – I really could not enjoy the wedding planning and immerse myself in it fully with a relaxed mind because I was so stressed about getting Document Four in. In fact, looking back now my poor Prince Charming has heard nothing but me stressing about my DBA since before we even got married….and now next month it will be three years since we got married and finally I have completed the course….but oh my goodness Neal has had to endure over three years of hearing about my DBA research along with my anxieties. I would go to bed thinking and talking about it, I would be driving the car and all of a sudden have some thoughts which I would immediately voice record on my i-phone to later be written up, I would be writing my thesis in my dreams believe it or not and find myself waking up to quickly make some notes again in my invaluable i-phone (which has really served as my memory devise) for me to pick up in the morning! Through all of this, Neal has never once complained though and like my true Prince Charming has supported me every single step of the way. While I am writing this, I am thinking 'Oh boy, I really

have to do something special for him to thank him for being a wonderful hubby…this DBA's going to be more of a celebration for him than for me'.

I had to give up a lot to complete my DBA. Working full-time and being a newly-wed whilst trying to complete the DBA was just proving too difficult and it was taking its toll on me. That is where Neal really saved me and said 'Look, just give up working full-time and I'll support us while you finish this'. I just see Neal as a true God send for me in every way. To allow me to quit working full-time to realise my dream of becoming a doctor was the most generous thing ever – especially as this country hit a recession and times became hard for many of us. I will always be thankful to Neal for everything he has done for me and I just love the partnership we have together.

It is now time for me to make it up to my husband though. I want to win myself some good consultancy contracts and get my career moving again. I want to make Neal proud of my achievements - although he always tells me he is proud and happy I still want to make it up to him for his patience and support and treat him to a few holidays the way he has been treating me. All those times he dragged himself to work tired for me, he will see it was worth it.

When advising on aspects to cover in writing Document Six, our lecturers told us to include whether friends and family still recognise me. This is an interesting question because if you had asked me to answer this when I started the DBA I would have thought 'what a weird question!'. But having completed the DBA, I can tell you this is not a weird question and I can only say this not because of observations I have made myself, but an observation my brother made when he shocked me and said 'Harvi, you've lost your own identity'. I was deeply upset at hearing this and cried my eyes out. It made me realise just how absorbed and lost I was in my own 'research world' to the point where my brother was missing the crazy joking around sister he used to hang out with. But not to worry no more, having completed the DBA and got through it all, I can live my life again, I can breath easily again, and most importantly the crazy joking around girl is back for her husband, brother, family and friends to enjoy again.

In the words of my Cinderella story:

And they lived happily ever after!!

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