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INTEGRATION OF THE CONCEPT OF SOCIAL PROCUREMENT INTO CONSTRUCTION PROCUREMENT IN SRI LANKA

Malintha H. Fernando[1] and B.A.K.S. Perera[2]

ABSTRACT

Construction procurement significantly influences project outcomes in Sri Lanka, yet current practices continue to prioritise cost and efficiency over long-term social impact. This imbalance has created a gap in addressing social needs through public projects, highlighting the relevance of Social Procurement as an approach that embeds social value into procurement decisions. Social procurement offers the potential to promote equity, inclusion, and community development through construction activities. Despite its growing application globally, social procurement is yet to be implemented in Sri Lanka. Thus, this study aims to investigate how to integrate social procurement into the existing procurement methods in Sri Lanka. It specifically examines the four recognised types of social procurement, and the challenges associated with each. Using a qualitative choice, data was gathered through 15 semi-structured interviews and analysed through content analysis. The findings reveal that all four types can be implemented in Sri Lanka, though their integration is influenced by type-specific and shared challenges. Common barriers identified across all types include limited knowledge and training, difficulties in engaging marginalised communities, and restricted access to funding. The study also establishes clear links between social procurement types and Sri Lanka's dominant procurement models. Importantly, the findings suggest that implementation should begin with Type 1 and Type 2, which offer the most immediate feasibility. Overall, the study concludes that while social procurement presents significant potential, its success depends on a phased, locally adapted strategy supported by strong policy direction and institutional commitment.

Keywords: *Construction; Procurement; Social Procurement; Socio-economic; Sri Lanka.*

1. INTRODUCTION

Over the years, industries, including construction, have undergone significant transformation, and so has the concept of procurement (Kim & Kim, 2024). As the construction industry continues to advance, procurement methods have progressively shifted from traditional approaches to more sophisticated systems such as management-oriented, integrated, and collaborative procurement strategies (Nguyen & Le, 2022). In

[1] Researcher, Department of Building Economics, University of Moratuwa, Sri Lanka, fernandosmh.20@uom.lk

[2] Senior Professor in Quantity Surveying, Department of Building Economics, University of Moratuwa, Sri Lanka, kanchana@uom.lk

this context, construction procurement refers to the process of acquiring knowledge, manpower, equipment, or administrative essentials to accomplish a project's objectives (Patel et al., 2025). Furthermore, the establishment of connections among different stakeholders, the determination of the persons in charge, and the determination of the roles and responsibilities of each individual regarding risks also come under this process (Zhao et al., 2022). Generally, procurement practices prioritise the bid with the lowest cost over other aspects (Windapo et al., 2020). However, in recent decades, these practices have experienced a marked shift, reflecting a growing emphasis on sustainability and long-term value creation within the industry (Irfan et al., 2022).

Within the broader framework of sustainability, social sustainability holds a critical position, and under that, the construction industry plays a pivotal role in advancing societal development through the provision of essential infrastructure and public services (Windapo & Moghayedi, 2020). Despite this, existing construction procurement methods often demonstrate limited social impact and insufficient alignment with sustainable principles (Lou et al., 2023). In response, now, there is growing recognition of the value of integrating sustainable procurement models such as Social Procurement (SP) into construction procurement (LePage & Renaerts, 2023). Sustainable procurement integrates environmental, social, and economic considerations into purchasing decisions to achieve long-term value, whereas SP specifically targets the creation of social value (Loosemore et al., 2019; Ludlow, 2016). SP redirects procurement expenditure towards community benefits, primarily by creating employment and training opportunities for marginalised populations such as indigenous communities, refugees, and socially disadvantaged individuals (Loosemore, 2016). It places a strong emphasis on social values in addition to economic gains (Ludlow, 2016). However, implementation remains low across countries due to several barriers. These include limited awareness of SP practices, inadequate resources, training, and technical skills of marginalised communities, and lack of leadership and supporting policies, (Natoli et al., 2023; Troje & Andersson, 2020). Nonetheless, effective SP implementation can create economic value and foster meaningful social outcomes in construction (Loosemore et al., 2019).

When considering construction procurement in Sri Lanka, traditional methods continue to dominate, with the separated method being the most widely adopted, followed by Design and Build under the integrated procurement category (Niriella & Gamage, 2022). Despite increasing global emphasis on sustainability, the focus on sustainable procurement practices within the Sri Lankan construction industry remains limited. However, emerging examples demonstrate a gradual shift. Projects in Sri Lanka such as the Crow Island Beach Park have successfully incorporated sustainable procurement approaches, notably through community-based participatory design (CBPD), which emphasises local engagement and social inclusion (Fernando et al., 2024). Similarly, the ‘Gemidiriya’ project effectively involved the local community in road construction (Yalegama et al., 2016). Such projects create social value, and as a developing country, Sri Lanka stands to benefit significantly from adopting more sustainable procurement approaches. SP represents another viable method in this regard, and there is a clear practical need for its integration into the local construction context.

With respect to the literature gap, this study is the first to explore the integration of SP into the existing procurement methods in Sri Lanka. While several studies have examined SP integration in other countries such as Loosemore (2016) in the United Kingdom, Troje (2021) in Sweden, and Loosemore et al. (2020) in Australia, no study has been conducted

within the Sri Lankan context. Moreover, this study contributes to the limited body of work that distinguishes between different types of SP, a topic addressed only briefly in studies such as Loosemore and Reid (2018), Loosemore et al. (2022), and Furneaux and Barraket (2014). Furthermore, when considering the challenges of SP, several studies including Loosemore et al. (2019) and Natoli et al. (2023) have explored that. However, no study has classified these into each type, and this will be the first.

Accordingly, this study aims to investigate how to integrate SP into the existing procurement methods in Sri Lanka. To achieve this, the study is guided by three objectives: (i) to investigate the limitations to socio-economic advancement in commonly used procurement methods in Sri Lanka; (ii) to assess the types of SP applicable to the Sri Lankan context; and (iii) to examine the specific challenges associated with integrating each type of SP. The remainder of the paper comprises a literature review, methodology, research findings, discussion and finally, the conclusions from the study.

2. LITERATURE REVIEW

This section further explores the concepts of construction procurement and social procurement. It lays the foundation for the findings of the study.

2.1 LIMITATIONS OF EXISTING PROCUREMENT METHODS

Construction procurement methods range from traditional separated approaches to integrated and management-oriented models, extending further to Public-Private Partnerships (PPPs) and emerging innovative procurement strategies (Lou et al., 2023). Separated, integrated, and PPP methods often struggle with cost control, time management, and stakeholder coordination (Eriksson et al., 2019). According to Love et al. (2013), in Australia, nearly 12% of PPP projects experienced significant cost overruns, and 13% encountered schedule delays. Additionally, procurement frameworks like Design and Build often fail to promote genuine collaboration between stakeholders (Lou et al., 2023). Beyond such inefficiencies, existing procurement methods frequently fall short in addressing socio-economic advancement. These methods lack structured mechanisms to promote inclusivity, community engagement, and long-term societal value (Eriksson et al., 2019; Lou et al., 2023). These systems often prioritise financial efficiency over social impact, resulting in marginalisation, gender disparity, and missed opportunities for community empowerment (Windapo et al., 2020). Moreover, rigid procurement structures frequently overlook cultural sensitivity and sustainability, risking the erosion of local heritage and community values (Selviaridis et al., 2023). Thus, in response, the industry is gradually embracing more sustainable alternatives such as SP to improve transparency, equity, and long-term resilience.

2.2 THE CONCEPT OF SOCIAL PROCUREMENT

The concept of SP is recognised as a strategic approach to procurement that extends beyond traditional value-for-money considerations by deliberately aiming to generate positive social outcomes. Furneaux and Barraket (2014) defined SP as the intentional acquisition of goods and services to achieve both direct and indirect social outcomes, while Loosemore (2016) emphasised its role in creating employment and training opportunities for marginalised groups. Moreover, Willar et al. (2020) framed SP as a multidimensional method aligned with sustainability goals integrating cost efficiency, capability, and minimal environmental and social harm. Importantly, SP addresses the

often-neglected social pillar of sustainability, shifting procurement from a purely transactional function to a catalyst for community empowerment and long-term societal value (Hutchins & Sutherland, 2008). It promotes equity, diversity, and inclusion by utilising socially responsible objectives in procurement decisions, empowering marginalised groups such as refugees, people with disabilities, ex-convicts, and long-term unemployed individuals (Troje, 2018). These distinctive features of SP lie in its socio-economic parameters, which include local employment generation, workforce participation of disadvantaged groups, support for social enterprises, and promotion of community well-being, which go beyond the parameters of sustainable procurement, such as resource efficiency, emissions reduction, and responsible supply chains (Loosemore et al., 2019; Ludlow, 2016). Likewise, SP challenges existing traditional procurement methods and positions itself as a necessary reform in sectors like construction, where social impact has traditionally been underemphasised.

2.3 TYPES OF SOCIAL PROCUREMENT

Researchers have identified various types of SP, each addressing distinct social objectives and offering different levels of applicability. Table 1 illustrates these types.

Table 1: Types of SP as per Furneaux and Barraket (2014) and Loosemore and Reid (2018)

Type	Applicability within the industry
Type 1: Procurement of Social Services	Directly involves contracting third-sector organisations to deliver services with clear social outcomes (e.g., health, welfare).
Type 2: Procurement of Public Works with Indirect Social Outcomes	Embeds social value within broader infrastructure or capital works projects.
Type 3: Allocation of Work to Social Enterprises	Dedicates a portion of the procurement to social enterprises to enable workforce participation of disadvantaged groups.
Type 4: Corporate Social Responsibility (CSR)	Focuses on ethical supply chain management, labour rights, and equitable working conditions.

All four types of SP aim to generate social value through purchasing decisions. Types 1 and 3 focus on direct social outcomes, while Types 2 and 4 achieve indirect impacts (Furneaux & Barraket, 2014). Types 1 and 2 are contract-focused (what is being bought), whereas Types 3 and 4 are tender-focused (who is delivering), highlighting a key distinction in procurement strategy (Loosemore & Reid, 2018). Their effective implementation depends on context-specific strategies, stakeholder engagement, and institutional support.

2.4 INTEGRATION OF SOCIAL PROCUREMENT TO EXISTING CONSTRUCTION PROCUREMENT METHODS IN SRI LANKA

Despite the global transition towards sustainable procurement, Sri Lanka's construction industry remains anchored in traditional methods (Niriella & Gamage, 2022). These methods emphasise cost-efficiency over broader socio-economic goals, often neglecting social equity, local employment, and community development. However, studies highlight that the uptake of sustainable procurement, including SP, remains limited in Sri Lanka due to institutional rigidity and lack of policy enforcement (Ekanayake et al., 2024). According to the Central Bank of Sri Lanka (2024), the national unemployment

rate stood at 4.7%, highlighting a need for employment-generating strategies, particularly in sectors like construction that hold significant potential for labour absorption. For this, SP offers a promising solution by embedding social objectives such as inclusive hiring, local enterprise engagement, and skills development directly into procurement practices. Furthermore, with the industry grappling with cost overruns, inefficiencies, and limited stakeholder inclusion (Kavinda & Gallage, 2024), adopting SP offers a way to align project delivery with national goals for inclusive growth. This highlights the need to integrate SP within Sri Lanka's construction procurement practices.

3. METHODOLOGY

This study employed a qualitative research choice. It was deemed appropriate due to the exploratory nature of the research, which seeks to uncover in-depth insights into the experiences, perceptions, and contextual factors influencing SP implementation in Sri Lanka. As noted by Hammarberg et al. (2016), a qualitative choice is particularly valuable when the research aims to investigate meanings, values, and complex processes that are not easily quantifiable. Unlike quantitative approaches that emphasise measurable variables, qualitative inquiry allows for the capture of social, institutional, and behavioural dynamics, which are critical in understanding the evolving nature of SP (McCusker & Gunaydin, 2014). To collect data, semi-structured expert interviews were conducted. This method was selected as it offers a flexible yet focused format, allowing researchers to guide the conversation while also enabling participants to express their perspectives freely (Kallio et al., 2016). Thereafter, the collected data were analysed using manual content analysis as it critically compensates for the interpretive limitations of automated tools by capturing nuanced sentiment and contextual meaning that algorithms often misclassify (Anastasiei & Georgescu, 2020).

A purposive sampling technique was adopted to select participants who possessed specific expertise relevant to the research objectives to ensure that the selected sample reflects the depth of knowledge required to address the research questions (Campbell et al., 2020). A systematic approach was used to determine data saturation, defined as the point where no new second-level categories emerged across two consecutive interviews (Hennink et al., 2019). Saturation was reached by the 13th interview, with no new codes from the 14th and 15th. Thus, a total of 15 expert interviews of 40 to 50 minutes were conducted. A set of selection criteria comprising of mandatory and additional qualifications were set to identify the experts for the interviews ensuring the purposive sampling technique. The experts' profiles are presented in Table 2.

Table 2: Experts' profiles with selection criteria

Code	Designation	Organisation	Mandatory qualifications (At least 2 of 3)			Additional qualifications (At least 4 of 6)					
			Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9
R1	PhD Candidate	Research, Consultant	x	✓	✓	✓	x	✓	x	✓	✓
R2	Quantity Surveyor	Contractor	✓	✓	x	✓	✓	x	✓	✓	✓
R3	Quantity Surveyor	Contractor	✓	✓	x	✓	✓	x	✓	✓	✓

Code	Designation	Organisation	Mandatory qualifications (At least 2 of 3)			Additional qualifications (At least 4 of 6)					
			Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9
R4	Civil Engineer	Contractor	✓	✓	x	✓	✓	x	✓	✓	✓
R5	Company Director	Client	✓	✓	x	✓	✓	x	✓	x	✓
R6	Senior Lecturer	Client, Research, Consultant	✓	✓	✓	✓	✓	✓	x	✓	✓
R7	Director	Contractor	✓	✓	x	✓	✓	x	x	✓	✓
R8	Director	Contractor	✓	✓	x	✓	✓	x	x	✓	✓
R9	Professor	Research	✓	✓	✓	✓	✓	✓	x	✓	✓
R10	Director	Contractor	✓	✓	x	✓	✓	x	✓	✓	✓
R11	SP Consultant	Consultant	✓	✓	x	✓	x	x	✓	✓	✓
R12	SP Consultant	Consultant	✓	✓	x	✓	✓	x	✓	✓	✓
R13	Director	Contractor	✓	✓	x	✓	✓	x	✓	✓	✓
R14	Social Entrepreneur	Client	✓	✓	x	✓	✓	x	x	✓	✓
R15	Sr. SP Consultant	Consultant	✓	✓	x	✓	✓	x	✓	✓	✓

Mandatory Qualifications

- Q1 - At least 5 years of experience in industry/academia/research (Built Environment)
- Q2 - At least 3 years of experience in industry/academia/research (SP or a related field)
- Q3 - PhD candidate or holder in SP or a related field

Additional Qualifications

- Q4 - A Bachelors' Degree in Built Environment
- Q5 - A Postgraduate Qualification in Built Environment
- Q6 - At least 2 indexed journal publications in SP or related area
- Q7 - Professional qualifications in Built Environment
- Q8 - Involved in at least 2 Social Procurement related projects (Research/ Industry)
- Q9 - Interest in Social Procurement

4. FINDINGS AND ANALYSIS

This section presents and analyses the findings of the expert interviews covering the aim and objectives of the study. The pattern-matching is presented in the 'Discussion' section.

4.1 LIMITATIONS TO SOCIO-ECONOMIC ADVANCEMENT IN PROCUREMENT METHODS COMMONLY USED IN SRI LANKA

Experts were first asked to identify the commonly used procurement methods in Sri Lanka. In response, they identified the separated, integrated, and PPP methods as the most prevalent. Thereafter, they were questioned on the limitations of these methods to socio-economic advancement. The findings based on their responses are presented in Table 3.

Table 3: Integration of SP into the existing procurement methods in Sri Lanka

Method	Limitations of existing methods	Suitable SP types	Challenges to SP integration
Separated	[P1], [P2], [P3], [P4], [P5], [P6], [P7], [P8], [P9], [P10], [P13], [P14], [P19], [P20], [P21], [P22]	Type 1	[C5], [C8], [C12], [C13], [C18], [C20], [C22], [C29]
		Type 2	[C1], [C2], [C3], [C5], [C8], [C11], [C12], [C13], [C14], [C17], [C22], [C23], [C20], [C24], [C25], [C26], [C29]
		Type 3	[C2], [C5], [C6], [C9], [C10], [C11], [C12], [C15], [C16], [C18], [C19], [C21], [C22], [C24], [C25], [C26], [C28]
		Type 4	[C2], [C4], [C5], [C7], [C12], [C14], [C18], [C21], [C22], [C26], [C27], [C28]
Integrated	[P1], [P2], [P4], [P5], [P6], [P7], [P8], [P9], [P10], [P11], [P14], [P15], [P16], [P17], [P18], [P23]	Type 2	[C1], [C2], [C3], [C5], [C8], [C11], [C12], [C13], [C14], [C17], [C22], [C23], [C20], [C24], [C25], [C26], [C29]
		Type 4	[C2], [C4], [C5], [C7], [C12], [C14], [C18], [C21], [C22], [C26], [C27], [C28]
PPP	[P1], [P2], [P3], [P4], [P5], [P6], [P7], [P8], [P9], [P10], [P12], [P13], [P14], [P19], [P21], [P23]	Type 2	[C1], [C2], [C3], [C5], [C8], [C11], [C12], [C13], [C14], [C17], [C22], [C23], [C20], [C24], [C25], [C26], [C29]
		Type 4	[C2], [C4], [C5], [C7], [C12], [C14], [C18], [C21], [C22], [C26], [C27], [C28]

Colour Codes - [Black] Identified from past literature; **[Blue]** Common to all 3 types; **[Red]** Newly suggested by the experts; **[Green]** Common to all 4 SP types; **[Purple]** Newly suggested by experts

Codes for Limitations to Socio-economic Advancement of Existing Procurement Methods - [P1] Unequal development and opportunities; **[P2]** Insufficient focus on social outcomes/growth; **[P3]** Less community engagement; **[P4]** Social marginalisation; **[P5]** Prioritise the lowest price over sustainability; **[P6]** Inequity; **[P7]** Low support for small/med; **[P8]** Low stakeholder engagement; **[P9]** The disturbance of public routes and needs; **[P10]** Subjective evaluation of social criteria; **[P11]** Inadequate evaluation of subcontractors; **[P12]** Lacks strong institutionalisation; **[P13]** Reduced social inclusivity; **[P14]** Lacks public trust; **[P15]** Lack of empowerment; **[P16]** Earnings manipulation; **[P17]** Limit long-term growth for workers; **[P18]** Prioritisation of regulations over social value; **[P19]** Limited citizen influence; **[P20]** Job insecurity; **[P21]** Disputes among the parties; **[P22]** Low chances for the local community; **[P23]** Inability to achieve employee satisfaction

Codes for Challenges to SP Integration - [C1] Lack of meaningful collaboration; **[C2]** Lack of leadership and internal policy; **[C3]** Limited understanding of SP; **[C4]** Low capacity of supply chain partners and small suppliers; **[C5]** Insufficient resources, training, and technical skills; **[C6]** High costs and administrative burden; **[C7]** Lack of universal frameworks and consistent policies; **[C8]** Trust issues of the community towards the government **[C9]** Lack of clarity and consistency in integrating social value into procurement; **[C10]** Difficulty in measuring and monitoring social impacts; **[C11]** Fragmented organisational structure/misalignment between goals; **[C12]** Limited access to funding/financial support; **[C13]** Cultural and language barriers; **[C14]** Challenges in obtaining licenses/certifications; **[C15]** Competitive pressure/preference for larger suppliers;

[C16] Constraints from trade agreements/internal policies; **[C17]** Barriers to subcontractor engagement and compliance with social goals; **[C18]** Geographical/logistical challenges in matching suppliers to projects; **[C19]** Myths and misconceptions about social enterprise costs and competitiveness; **[C20]** Inclusivity and fair compensation; **[C21]** Risk of tokenism in SP implementation; **[C22]** Challenges in engaging marginalised communities; **[C23]** High costs for small suppliers to meet standards and requirements; **[C24]** Limited visibility and marketing opportunities for social enterprises; **[C25]** Weak capacity for social enterprises to measure outcomes; **[C26]** Risk aversion and reluctance to change procurement culture and processes; **[C27]** Poorly designed policies and programmes; **[C28]** Disconnect between organisational purposes and purchasing practices; **[C29]** Legal and administrative delays

The literature review identified 20 limitations to socio-economic advancement, with experts contributing three additional ones (highlighted in red in Table 3). Out of the 23, several were recognised as common to all three procurement methods (highlighted in blue in Table 3). These included unequal development and opportunities, limited focus on social outcomes, social marginalisation, prioritisation of lowest-cost bids over sustainability, weak support for SMEs, low stakeholder engagement, disruption to public needs, unclear evaluation of social criteria, and a lack of public trust. As R3 noted, *"The system still rewards the cheapest bid, not the most responsible one."* R6 added, *"There is no real mechanism for including small players or hearing community voices."* In addition, some limitations were found to be method specific. For integrated procurement, experts highlighted issues such as inadequate subcontractor evaluation, and earnings manipulation, which limit long-term workforce development. In PPPs, the absence of strong institutionalisation was identified as a unique challenge, with R9 stating, *"Without institutional checks, social outcomes in PPPs often become secondary."*

4.2 TYPES OF SOCIAL PROCUREMENT THAT CAN BE USED IN SRI LANKA

Experts were requested to identify use of each SP type (As in Table 1) within the Sri Lankan context for commonly used procurement methods. Firstly, experts highlighted that all four types of SP hold potential applicability within the Sri Lankan construction sector. However, their implementation is not expected to occur uniformly. Experts unanimously agreed that Type 1 and Type 2 offer the most practical starting points as illustrated in Table 3. These types align with existing procurement frameworks and allow for immediate community engagement through services such as site maintenance, landscaping, and welfare facilities. R15 stated, *"We can begin with allocating non-technical or supportive services to community-based organisations without disrupting core construction processes."* Similarly, R1 said, *"You do not need to overhaul the system to start using SP. Just tweak what is already happening, bring in the community for smaller roles and build from there."* Furthermore, experts highlighted that Type 2 practices have already been implicitly applied in projects such as the *Crow Island Beach Park* and the *Lunawa Environmental Improvement and Community Development Project* in Sri Lanka, where local communities participated in the design and implementation phases. These precedents offer a foundation for formalising SP integration, especially through participatory models. R9 noted, *"In Lunawa, the residents contributed to minor works; if this can be scaled, it becomes a structured form of SP."* Furthermore, R6 noted, *"Crow Island was not branded as 'social procurement', but it ticked a lot of the boxes; local labour, community input, long-term value."* R4 said, *"The Crow Island Park is still being maintained by the local community. It creates social value."*

In terms of Type 3, experts viewed it as aspirational but less immediately feasible. This is due to the underdevelopment of registered and construction-ready social enterprises in Sri Lanka. As R2 observed, *"Type 3 is viable, but the ecosystem for credible social enterprises is not mature yet."* Despite this, experts suggested pilot initiatives that allocate minor, low-risk contract segments to marginalised groups under guidance. R11 proposed, *"A portion of municipal construction like paving walkways can be handed to ex-convicts with basic training."* R14 added, *"Even if we don't have big social enterprises now, we can start small. Give 5% of basic tasks to cooperatives or youth groups and see what works."* Experts said that Type 4 is also implementable, particularly for larger contractors. R7 highlighted, *"CSR-type SP can be aligned with existing sustainability mandates; it just needs to be operationalised through tender documents."* Likewise, experts stated that the Sri Lankan construction industry holds the potential to integrate SP into its existing procurement methods.

When considering the integration of these types, experts agreed that Type 1 SP aligns well with the separated method, which allows non-core services to be subcontracted to third-sector organisations. R6 noted, *"There is more room to insert social service providers as ancillary partners."* In contrast, R14 emphasised that integration is harder in traditional models and more effective in alliance contracts, as seen in Australia. Type 2 was viewed as adaptable across all methods but best suited to integrated procurement, where social criteria can be embedded early and sustained throughout the project. R9 explained, *"If you bake in the social criteria during design, it is easier to track and enforce them."* Experts found Type 3 most difficult to apply under PPPs due to rigid structures but saw potential in assigning small tasks to social enterprises during operations. As R11 suggested, *"Even in PPPs, you can earmark small maintenance roles for social enterprises."* Meanwhile, Type 4 was seen as universally applicable, especially when formalised through CSR clauses in contracts. R8 remarked, *"CSR elements don't have to fight the system, they just need to be formalised in the tender docs."* Likewise, the experts noted that among the 3 commonly used procurement methods in Sri Lanka, the separated method offers the most suitable foundation to integrate all 4 SP types. The most compatible SP types for each procurement method are presented in Table 3.

4.3 Challenges of Integrating Each Type of Social Procurement into the Existing Procurement Methods in Sri Lanka

Similar to Section 4.1, the experts validated the findings of the literature review, which initially identified 25 challenges to the integration of SP. In addition, four new challenges were suggested by the experts (highlighted in purple in Table 3). The experts were subsequently asked to classify these challenges according to each type of SP, as presented in Table 1, across the commonly used procurement methods in the Sri Lankan context. Across all four types of SP, several challenges were identified. The common challenges for all the types (highlighted in green in Table 3) include insufficient resources, training, and technical skills, limited access to funding, and challenges in engaging marginalised communities. These shared obstacles reflect deep-rooted structural and socio-cultural constraints that must be addressed to operationalise SP effectively in Sri Lanka. As illustrated in Table 3, for Type 1, the experts cited widespread insufficient training, limited funding, and logistical mismatches between community-based suppliers and project demands. R1 commented, *"Since most of them do not have expertise, the projects are reluctant to try this concept out."* Legal and administrative bottlenecks, particularly

around government procurement cycles, further delay community engagement. Trust was another recurring theme. As R4 noted, *"The ex-convicts and the ones who are going to join would ask; can we trust them? NGOs? Government?"* This lack of mutual confidence between marginalised participants and institutional stakeholders was seen as a unique social constraint limiting the operationalisation of Type 1 within traditional public works. Under Type 2, experts highlighted the lack of internal policy, inconsistent leadership, and fragmented procurement systems as key impediments. R9 observed, *"There can be lots of issues in engaging the local community in the projects,"* especially in areas where cultural, language, or class-based divides exist. The complex nature of construction procurement under *integrated* or *PPP* models also leads to misalignment between project goals and social value delivery. Budget constraints further intensify the problem, with R7 explaining, *"That was the main issue the countries that implemented SP had when introducing the concept costs are the first worry, not impact."* Challenges under Type 3 revolved around social enterprises. R7 said, *"Myths and misunderstandings about social enterprises and the concept of SP are crucial. They have cascading impacts."* R5 said, *"There can be some social concerns. They might not support it. Lack of understanding about the concept, trust issues, and myths may impact that."* In terms of Type 4, many large contractors still lack internal policy direction and struggle with low supplier capacity to meet ethical sourcing standards. As R10 mentioned, *"The hierarchy of the organisations could be another challenge,"* pointing to the inertia within multi-tiered construction supply chains. Fragmented CSR policies, coupled with a lack of universal guidelines, make implementation inconsistent. Moreover, tokenism and the disconnect between organisational values and actual procurement practices continue to undermine the credibility of CSR-linked SP efforts. Unlike other types, Type 4's reliance on broad reporting frameworks often masks the absence of real community impact.

5. DISCUSSION

While previous studies on SP have largely focused on its development and implementation in countries like the UK, Australia, and Sweden (Loosemore, 2016; Troje, 2021; Loosemore et al., 2020), there has been limited attention to how SP can be adapted to developing contexts such as Sri Lanka. This research addresses that gap by identifying that all 4 types of SP can be adapted to Sri Lanka's construction industry. Unlike earlier literature that highlights general SP principles (Furneaux & Barraket, 2014; Barraket et al., 2015), this study offers practical guidance by aligning each SP type with Sri Lanka's existing procurement methods, namely separated, integrated, and PPP models (Niriella & Gamage, 2022). Laying foundation for that, the study identified many limitations to socio-economic advancement going beyond unequal development (Lou et al., 2023), such as inability to achieve employee satisfaction and job insecurity. Unlike earlier research that treats SP types separately, this study identified clear links between SP types and procurement methods, with all four types being more easily adaptable under the separated method, while Type 2 and Type 4 best align with integrated models, and Type 3 can be piloted in PPPs at a smaller scale during post-construction stages. More importantly, while previous research has identified general implementation barriers such as limited funding, unclear policies, and supplier capability gaps (Willar et al., 2020; Denny-Smith & Loosemore, 2018), this study identified a deeper set of context-specific and type-sensitive challenges. These include a lack of technical skills and training among marginalised community members, myths and misconceptions about social enterprises, weak trust between the government and community actors, and fragmented organisational

structures all of which directly hinder the localisation of SP. Particularly for Type 3, where global literature focuses on enterprise readiness and economic viability, this study uncovered cultural resistance and trust issues as more pressing barriers. Meanwhile, in Type 2, the study found that organisational misalignment and weak leadership structures obstruct the embedding of social goals into technical scopes, issues not commonly addressed in international literature. Even in Type 4, where CSR integration is considered the most straightforward, challenges remain due to disconnected procurement and CSR departments, lack of enforcement, and tokenistic implementation. These findings reinforced the notion that while SP is conceptually strong, its success in Sri Lanka hinges on phased implementation, clear institutional commitment, and policy mechanisms that support local adaptation rather than replicate international models blindly.

When considering the impact of this study, it provides a novel contribution by contextualising SP within Sri Lanka's procurement systems and classifying challenges across SP types, offering actionable insights for both academia and industry. For society, the effective integration of SP can promote inclusive economic participation, especially for marginalised groups, thereby addressing social equity through public infrastructure delivery. For regulatory bodies, the findings can inform the development of clearer guidelines, monitoring frameworks, and policy instruments to facilitate the effective implementation of SP within existing procurement regulations.

6. CONCLUSIONS AND RECOMMENDATIONS

As one of the first studies to explore the integration of SP into Sri Lanka's existing construction procurement methods, this research provided a detailed analysis of how each of the four recognised SP types could be applied within the local context. It was also one of the first to classify the challenges to SP integration between these SP types, offering a level of depth not commonly found in existing literature. The study revealed that all SP types could be integrated into the country's three dominant procurement methods; separated, integrated, and PPP, with separated procurement offering the greatest flexibility for early adoption. However, integration was found to be challenged by context-specific barriers. The study identified that insufficient resources, training, and technical skills, limited access to funding, and challenges in engaging marginalised communities are common to all the four SP types. Despite these obstacles, the findings demonstrated that SP holds significant potential to promote social equity, local employment, and community inclusion in Sri Lanka. The success of this integration, however, was shown to depend on a phased implementation approach, beginning with Types 1 and 2, supported by robust policy frameworks, and the gradual development of social enterprise mechanisms.

Future research should examine quantitative impacts of SP implementation, particularly in terms of employment generation and community-level benefits. Studies could also explore how digital tools, such as machine learning, can address the barriers of SP. In terms of limitations, as this is a qualitative study based on expert interviews, findings are context-specific and may not fully represent wider industry views. Furthermore, these findings may be different to the developed countries. Nevertheless, these findings are helpful in promoting SP in developing countries such as Sri Lanka.

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