

Social Purchasing & Procurement Survey of Non-profit Social Enterprises in Canada

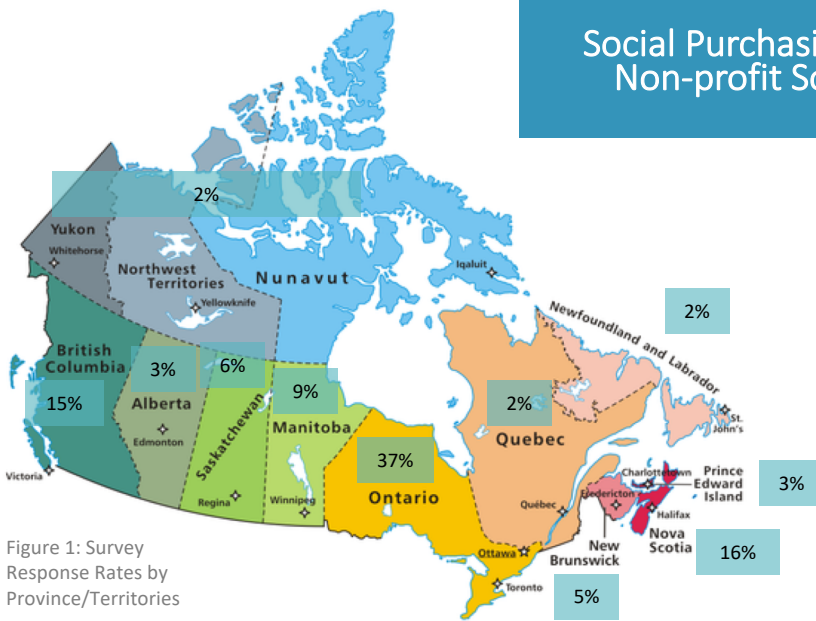


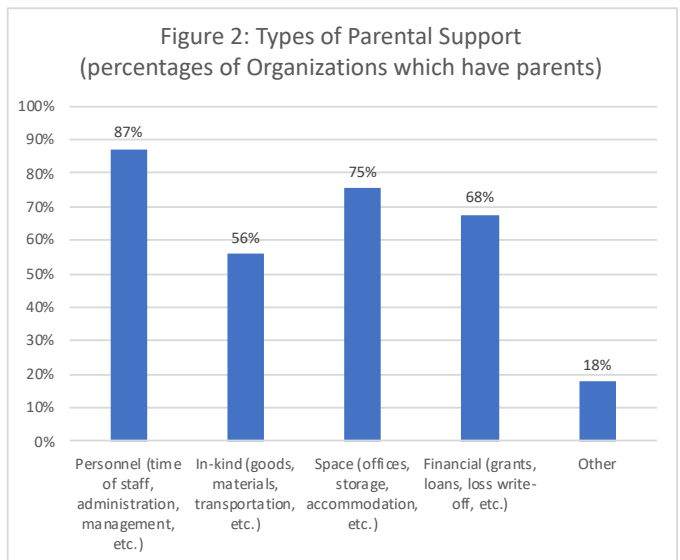
Figure 1: Survey Response Rates by Province/Territories

We had a 37% response rate, 129 organizations, some with more than one social enterprise. As shown in figure 1, those who completed the survey come from across Canada, with Ontario, BC, and Nova Scotia being most heavily represented.

Nearly 90% of the organizations in this study were engaged in employment, training, or a combination of the two for members of marginalized social groups, the largest being people with developmental disabilities. Just over one quarter of organizations defined their approach as micro-entrepreneurship, meaning that they were training people to be self-employed. Bear in mind that these were not exclusive categories and that some organizations utilized two or three approaches.

Only 22% of the social enterprises lacked a parent organization. The parent organization was an important support to these social enterprises, as shown in figure 2. Of organizations with a parent, nearly 90% received personnel support, 75% received space, and two-thirds received direct financial support.

This brief report – undertaken through the Centre for Learning, Social Economy & Work (CLSEW) at the University of Toronto, the Social Enterprise Council of Canada, the School of Policy Studies at Queen’s University, and the School of Community Resources & Development at Arizona State University – summarizes the highlights of the survey conducted in the Fall 2017 of 349 non-profit social enterprises serving marginalized social groups from across Canada, including your organization. The survey’s purpose was to gather information on the impact of social purchasing and procurement on social enterprises employing or training the members of marginalized social groups.

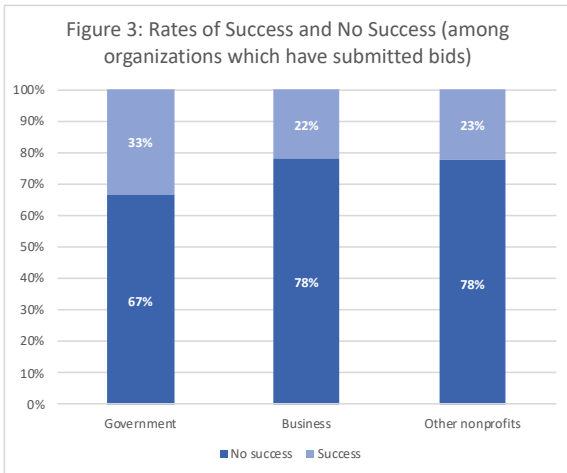


If you’re interested in learning more about the project...

A complete report with a breakdown of each item in the survey, including further details on the survey methodology, will be available on our website www.oise.utoronto.ca/clsew. This brief overview highlights the key findings of the report. We are also preparing a paper for a research journal. If you would like a copy when it is available, just email us with the request at OISE.SocialProcurementProject@utoronto.ca.

Social Procurement Practices

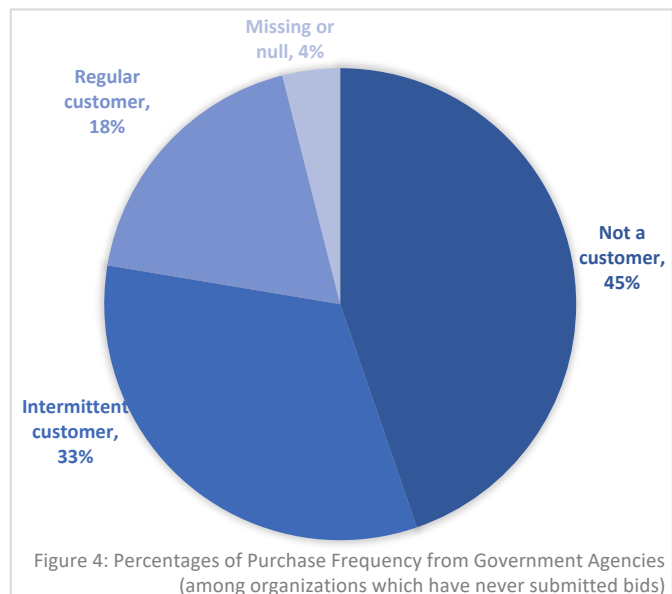
We set out to discover whether non-profit social enterprises serving marginalized social groups bid on social procurement tenders and benefit from them. We looked at this question in relation to tenders from government agencies, business corporations or from non-profit organizations such as hospitals and universities. There were two factors that predicted if a non-profit organization would bid on a procurement tender: the organization's income, with organizations with a larger income being more likely than those with a smaller income, and the organization's self-evaluation of its marketing capacity, with those with a higher estimate of its marketing capacity more likely than those who were not. Organizational revenue was strongly correlated with an organization's human resources. Put simply, the organizations with the people to work on a tender were more likely to do so.



Only a small portion of the sample had success in their bids for contracts (figure 3). Fifty social enterprises in our sample bid on government tenders, and of that group, 17, approximately one third of the bidders, were successful. For business tenders, 46 bid and only 9 (22%) were successful; and 41 bid on tenders with other non-profit organizations such as hospitals and universities and only 9 were successful (23%). The small number of successful bidders made it more challenging to look at whether any other factors were associated with being successful.

Social Purchasing

In addition to social procurement, we also were interested in social purchasing, meaning: do the clients of the social enterprises base their purchases in part on the enterprise's social mission? We didn't have a direct measure of social purchasing because it depended on knowing what motivated clients, particularly institutional clients. One interesting finding in our data is that even though nearly 60% of the sample did not make bids on social procurement contracts with government, almost 20% of those who never submitted bids said that government agencies were a regular customer and another third said that government agencies were intermittent customers (figure 4).



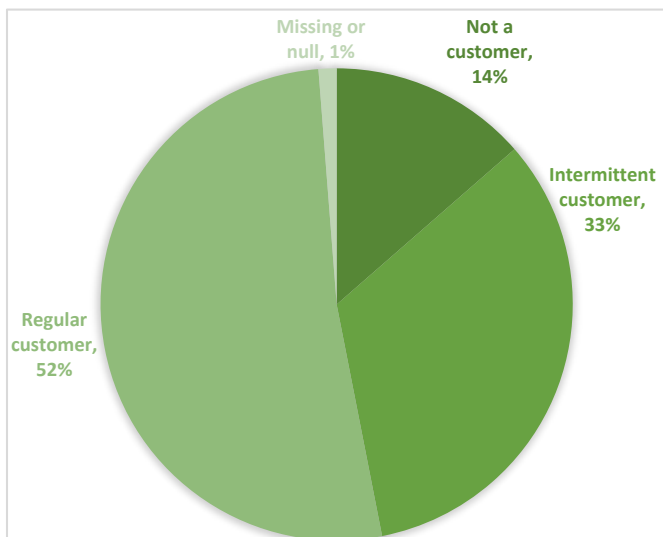


Figure 5: Percentages of Purchase Frequency from Businesses (among organizations which have never submitted bids)

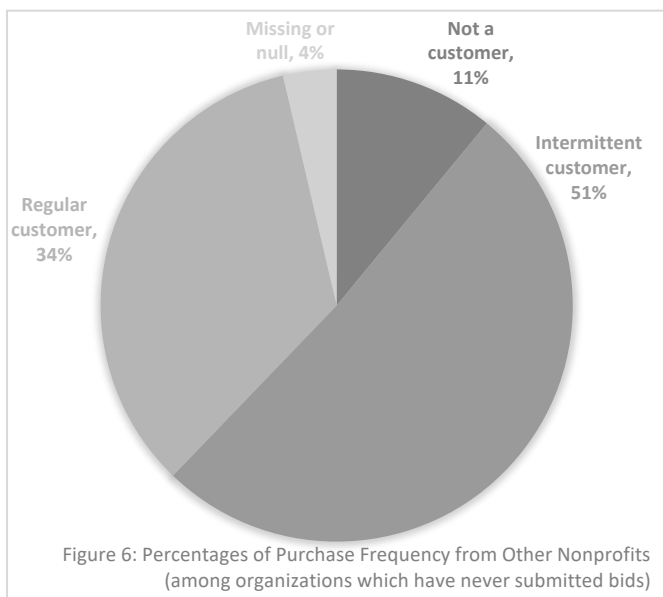


Figure 6: Percentages of Purchase Frequency from Other Nonprofits (among organizations which have never submitted bids)

The survey responses indicate that the participating social enterprises believed that their institutional customers placed a high degree of importance on their social mission in making their purchases. On a 10-point scale, with 10 indicating that social mission was extremely important in the purchasing decision, the mean for government agencies was 7.3; 8.2 for other non-profit organizations; and 6.3 for businesses.

Similarly, more than 60% of the participating social enterprises indicated that they have never submitted bids to businesses. However, more than half of these social enterprises that have never bid to businesses called businesses their regular customers and over 30% said that they were intermittent customers (figure 5). The numbers were similarly high for other non-profit organizations (figure 6): of those who had never submitted a bid for social procurement to another non-profit organization, 34% said that they had non-profit organizations as regular customers and 51% as intermittent customers. These findings imply that government agencies, businesses and other non-profit organizations may be engaged in a form of social purchasing (as distinct from social procurement), in which they attempt to support relatively small, non-profit social enterprises serving marginalized social groups.

Second Stage of the Study

In the second stage of the study, we intend to focus on institutional clients of social enterprises serving marginalized social groups and try to understand to what extent they engage in social purchasing. It appears that many of the social enterprises in this study may lack the capacity to bid on procurement contracts, but they may possibly have less formal arrangements with government agencies, businesses, and other non-profit organizations that support the services that they offer.

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