

Construction Contracting in the Zero Emission Transportation Sector: Evidence from Underrepresented Businesses

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Introduction

This study examines the zero-emission transportation sector in California and shows that underrepresented construction contractors, such as disabled veterans, women, Latinos, Asians, Islanders, and African Americans, face various challenges. It explores how these challenges could become opportunities for the contractors, creating a more inclusive environment. This study also provides an assessment to improve the equity and efficiency of their bonding experience. It aims to increase knowledge about the extent and nature of any disparities that might exist in the state, find out if there are any overlooked issues, and provide an assessment of the efficacy and efficiency of the process in place. A more efficient process can increase competition, benefiting every participant in the zero-emission transportation sector.

Study Methods

A longitudinal study in the state of California was conducted by surveying 51 contractors online to determine how they might more successfully compete in the zero-emission transportation sector. Insights were gathered from minority-owned and independently owned construction contractors on how to operate in the sector. Survey questions focused on the obstacles that these businesses must overcome and strategies for doing so. In addition, survey questions evaluated the contractors' level of awareness and readiness for the zero-emission requirements, as well as the barriers they must overcome. Focus groups and targeted interviews were used to collect additional data. Econometric analysis was used to analyze the data. This study evaluated rebates and tax incentives that could encourage underrepresented construction contractors to compete more effectively and explored appropriate payback structures. Further research determined the range of funding needed, based on survey insights, and investigated non-monetary incentives that might help reduce operational costs for these businesses compared to larger firms. It

assessed actions taken by contractors to enhance their competitiveness in the zero-emission transportation sector and the challenges they face as minority-owned entities. The study also examined attitudes toward the zero-emission sector amid competition from larger companies, the level of training and technical assistance required, and contractors' views on the quality of such support. Furthermore, the study identified the perceived benefits and costs of a state program for underrepresented contractors and recommends a robust verification process for applicants.

Findings

The research reveals that underrepresented construction contractors face structural challenges that their larger counterparts do not. These include barriers to securing necessary finance and bonding as well as challenges to gaining access to training and incentives. Budgetary constraints and the high expenses related to complying with zero-emission standards are shown as major difficulties, making it harder for underrepresented businesses to compete within the sector. Underrepresented business owners might be less likely to receive loans due to potential bias in lending. In addition, underrepresented businesses lack knowledge that can facilitate business growth in the zero-emission transportation sector. Although the state programs' benefits for community development and financial incentives are recognized, there are concerns about the expenses related to equipment investment and compliance. A discernible lack of confidence in the system is also evident, with biases favoring larger corporations and ineffectual government actions being emphasized. The respondents who felt the highest level of discrimination were women, African Americans, and Disabled Veterans. Caucasians, Asians, and Latinos felt the least amount of it. It appears that more education and guidance about the resources

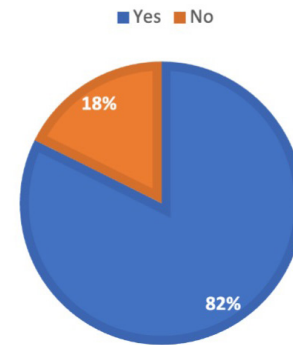
at hand are required, combined with an enhanced regulatory framework that makes it simpler for underrepresented businesses to participate in zero-emission transportation construction contracting.

A majority (82 percent) of construction contractors surveyed support the implementation of a state program for underrepresented businesses in the zero-emission transportation sector.

Policy Recommendations

This investigation shows that the wide range of companies that make up the zero-emission transportation industry face obstacles such as limited funding, insufficient charging infrastructure, and the high price and scarcity of zero-emission vehicles. These companies need stronger government support because they compete with larger companies. Comprehensive training and mentorship programs are needed. This study also suggests that the goal of a new statewide bonding structure should be to reduce the amount of paperwork while streamlining the process to the point where it is at least as effective, efficient, and quick to process as the federal government. The framework must facilitate mentorship programs that match smaller, underrepresented companies with larger businesses to assist new contractors in navigating the complexities of bonding, hiring, bidding, accounting, and construction management. Underrepresented small businesses may be able to connect and communicate with one another through the creation of a membership-based online forum, which will encourage both competition and cooperation. Overall, this study shows that regulatory changes are required to support underrepresented companies in the zero-emission transportation sector and establish a more competitive market. Promoting a more competitive market in which every business can compete has the potential to create a more efficient market leading to benefits for all participants. In particular, a competitive market drives down costs, increases diversity, and boosts the quality of products and services, all of which contribute to a more efficient market that is advantageous to all participants in the zero-emission transportation sector.

DO YOU SUPPORT THE IMPLEMENTATION OF A STATE PROGRAM FOR UNDERREPRESENTED BUSINESSES IN THE ZERO-EMISSION TRANSPORTATION SECTOR?



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To Learn More

For more details about the study, download the full report at transweb.sjsu.edu/research/2348



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