Chapter 9

EXPLAINING THE POLICY-PRACTICE GAP IN U.S. FEDERAL CONTRACTING: INSTITUTIONAL ISOPRAXISM AND PERFORMANCE-BASED ACQUISITION[1]

Bryan F. Mansfield and Keith F. Snider*

INTRODUCTION

Performance-based acquisition (PBA; see, for example, Maddox, Rendon, & Snider, 2014) has been an important element of U.S. federal public procurement policy for over thirty years. The underlying rationale of PBA is that the government should not tell contractors how to perform, because doing so would stifle industry's creativity. Instead, the government should define its requirements in terms of the outcomes contractors must achieve without specifying the "how to" details. Such an approach, its proponents argue, improves competition and empowers industry to innovate and accomplish desired objectives more efficiently. Further, greater reliance on performance specifications in contracts should allow for reductions in government contract oversight processes and personnel, with concomitant cost and schedule savings. (Wehrle-Einhorn, 1993, p. 10). Over the years, procurement policy-makers have pursued PBA's benefits through progressively prescriptive measures, ranging from (1) initial policy preferences for PBA in the Federal Acquisition Regulation (FAR) to (2) statutory preferences with mandatory reporting requirements and implementation goals to (3) high-level approvals for certain types of contracts not classified as PBA (Government Accountability Office (GAO, 2002).

At first glance, data suggest that this policy push had its desired effect. For example, in 2005, the Department of Defense (DOD; the U.S. government's largest agency) reported using PBA techniques for 29% of total obligations for services contracts; in 2014, this had

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* *Bryan Mansfield, MA, is a Contract Specialist at the US Navy Space and Naval Warfare Systems Command in San Diego, CA. Keith Snider, Ph.D., is a Professor in the Graduate School of Business and Public Policy, Naval Postgraduate School, Monterey. His research interest is in public policy and public procurement.*

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increased to 57% (Avramidis, 2012). In practice, however, PBA's promise has sometimes gone unrealized. In 2002, the GAO found that several agencies that claimed to have applied PBA did not actually do so. Over half of the sampled contracts that were reported as PBA did not actually meet PBA criteria (GAO, 2002, p. 2).

Of course, such "policy without practice" (GAO, 2008; Rendon, 2013) appears not only in the realm of federal contracting but rather wherever policy-makers' intentions fail to materialize in action. The policy sciences literature on implementation (see, for example, Pressman & Wildavsky, 1984) calls attention to unwarranted assumptions that policy-making entities and policy-implementing agencies share common interests and have similar motivations. Institutional theory (Meyer & Rowan, 1977) focuses on an organization's concerns with accommodating and responding to its external influences, such as competition with other organizations for political power and legitimacy, as well as for resources and customers (Kanter, 1972; Aldrich, 1979). Thus, an expectation that a policy pronouncement will lead to implementation with the desired policy outcome fails to account for differences in the institutional influences on policy-makers and policy-implementers and, more importantly, differences in the organizational responses of each to those influences.

PURPOSE AND METHOD

In this paper, using PBA as a vehicle, we explore the policy-practice gap from the perspective of institutional isomorphism (DiMaggio & Powell, 1983), which describes how an organization comes to resemble others under the influence of various external environmental forces. Rather than organizational form, however, our focus is on organizational actions or behaviors; thus we use here the term *institutional isopraxism.* Specifically, we describe policy-making entities as exhibiting *mimetic isopraxism* in their preferences for certain private sector practices and their desires to transfer those practices to government operations. Policy-makers may also employ *coercive isopraxism* to force subordinate implementing agencies to adopt those practices.

Institutional isopraxism provides a means to illuminate the origins of the policy-practice gap. Specifically, the very different sets of influences acting upon policy-making and policy-implementing

organizations lead to different but rational and predictable organizational responses to those influences. We see this perspective as enriching the theoretical understanding of the policy process (Kingdon, 1984; Stone, 1988). Further, heightened awareness of and appreciation for the differences in external influences on policy-making entities and implementing agencies may give each a better understanding of the other's actions and help lessen the distance between policy and practice.

The paper begins with a background description of PBA policy and its evolution within US federal contracting. It then presents an analysis of a sample of US Navy service contracts to illustrate the gap between PBA policy and PBA practice. This leads to the central arguments of the paper which explain the policy-practice gap from the perspective of institutional isopraxism, as well as some of the unintended consequences and deleterious effects of the gap. The paper concludes by describing a policy approach that acknowledges institutional influences and may help narrow the gap.

BACKGROUND OF PBA

The underlying rationale of PBA is that by describing the work in clear, specific, and objective terms with measureable outcomes, the government can focus a contractor's attention on desired outcomes rather than "how to" details (which are presumably not important). This approach, its proponents argue, unleashes private industry's creativity, resulting in both higher quality performance and cost savings. Other purported benefits include maximizing competition, promoting the use of commercial services, and shifting risk from government to industry (DOD, 2012, p. 8-9). In theory, the government can establish the performance outcomes, then step away and let the contractor perform. This rationale relies on the assumption that the requirement can be defined in terms of clear, specific, and objective terms with measureable outcomes.

While Edwards and Nash (2007, p. 354) note several attempts to use PBA prior to 1980, the first US federal PBA policy statement was issued by the Office of Federal Procurement Policy (OFPP) with OFPP Pamphlet Number 4 titled, "A Guide for Writing and Administering Performance Statements of Work for Service Contracts" (Avramidis, 2012, p. 7-8).

In the early 1990s, PBA gained momentum from several important initiatives. First, Osborne and Gaebler's (1993) influential book titled, *Reinventing Government*, promoted the view of government as focused on "steering rather than rowing"; that is, focused on policy outcomes rather than execution details. Second, the Clinton Administration's National Performance Review (later the National Partnership for Reinventing Government) advocated an orientation of government toward results and outcomes rather than on "red tape" details (Gore, 1993). Third, Secretary of Defense William Perry's initiative to move away from military-unique specifications and standards led to an emphasis on performance-based and commercial standards in contracting (Fox, 2012). Finally, the general trend toward privatization, outsourcing, and the decline in the federal workforce (Nagle, 1999; Abramson & Harris, 2003; Gansler, 2011) appeared to validate then-President Clinton's (1996) declaration that "the era of big government is over." Under such constraints, government could manage outcomes but not details. Outsourcing the provision of government services so that there is less government influence on and interference with normal business activity is one political strategy. Such a strategy reduces the size of the government workforce under the philosophy that less government is better government (Pegnato, 2003).

Under such conditions, the PBA concept grew from a policy preference in 1991 to a statutory preference carrying mandatory reporting requirements and implementation goals. Several agencies created guidebooks on using PBA, including OFPP, DOD, and an Interagency-Industry Partnership (Avramidis, 2012, p. 9).

ORIGINS OF THE PBA POLICY-PRACTICE GAP

The popularity of PBA is reflected in the growth of DOD's PBA implementation goals. In 2001, the Office of Management and Budget (OMB) created a goal of using PBA for 20% of total eligible services dollars obligated. OMB raised this goal to 40% in 2004, to 45% in 2006, then ultimately to 50% in 2008 (Avramidis, 2012, p. 59-61).

The National Defense Authorization Act for Fiscal Year 2002 required higher level approvals of contracts that were not performance-based. This rule was implemented in DOD as an interim rule in the Defense Federal Acquisition Regulation Supplement

(DFARS),[2,3] and although Congress later abandoned the higher level approval requirement in favor or more general urgings to use PBA to the maximum extent practicable, the requirement was never removed. As implemented in the Navy,[4] a contracting officer faced with a complex services requirement would have needed the approval of an official at least two levels higher in the chain of command before awarding a contract that did not use PBA techniques.

The PBA policy initiative, including the implementation goals, certainly had an impact. Contracts identified as having used PBA techniques increased substantially from fiscal year 2005 to 2014. In 2005, DOD reported using PBA techniques for 29% of total obligations for services; in 2014, this had increased to 57%.[5]

However, as noted in a 2002 GAO report entitled, "Guidance Needed for Using Performance-Based Service Contracting," several agencies that claimed to have applied PBA did not actually do so. Over half of the contracts sampled by GAO (16 of 25) did not actually meet the minimum criteria for PBA (2002, p. 2); this indicates a gap between what policy-makers intended and what contracting agencies did in actual practice.

THE POLICY-PRACTICE GAP: LEVEL-OF-EFFORT SERVICES CONTRACTS

To investigate the PBA policy-practice gap further, an exploratory analysis of a sample of US Navy contracts was conducted to investigate whether contracts that are designated as PBA reflect a proper application of PBA criteria. The sample focused on level of effort (LOE) contracts, a category of services acquisitions which is inconsistent with PBA's rationale. Thus, if a significant proportion of contracts designated as PBA is found to be LOE, the analysis helps confirm the existence of a PBA policy-practice gap.

Generally, services contracts define the contractor's obligation in one of two ways: by describing the required work, either in terms of the *completion* of one or more specified tasks, or by describing the required amount of *effort* (LOE, typically measured in labor hours) that the contractor must expend in performing one or more specified tasks (Cibinic, Nash Jr., & Yukins, 2011, p. 1317). In US federal contracting, there is a regulatory preference to use the completion type, because it contractually obligates the contractor to produce an end product or result. However, regulations recognize that not all

requirements can state a definite goal or target, or specify an end result, which is why LOE contracts exist. LOE includes time-and-materials (T&M) contracts, labor-hour (LH) contracts, cost-reimbursement term contracts, and firm-fixed-price LOE term contracts (FFP-LOE) (Cibinic, Nash Jr., & Yukins, 2011, p. 1318).

PBA and LOE approaches are fundamentally incompatible: If one cannot define the work in terms of a definite goal, target, or end product—thus suggesting the use of an LOE contract type—one cannot establish meaningful performance outcomes as required under PBA. Therefore, a requirement that meets the conditions for LOE does not meet the conditions for PBA, and a requirement that meets the conditions for PBA does not meet the conditions for LOE. This incompatibility is reinforced in US federal acquisition policy (see, for example, OUSD(AT&L), 2014, p. 2; FAR 37.602(b)(1)).

This analysis examined a sample of Navy services contracts that were identified as performance-based, determined whether these contracts were completion or LOE, and then evaluated the LOE contracts more closely to determine whether PBA was applied according to US federal standards. Observations were also made regarding the supposed performance results, acceptable quality levels, and planned methods for evaluating performance.

The Federal Procurement Data System (FPDS) provided a list of all contracts with relevant characteristics (e.g., categorized as PBA; awarded by Navy sources) from a 12-month timeframe (1 March 2014 to 1 March 2015); this population totaled 4,785 contracts. A sample size of 50 was judged to provide a sufficiently large number to establish trends; statistical significance was not pursued. The 50 contracts for detailed examination were selected randomly from the total population.

As a first step, each contract in the sample was evaluated to determine whether it should be categorized as LOE or completion. Of the 50 contracts in the sample, 22 were identified as LOE, and 9 contracts were identified as completion. For a variety of reasons (e.g., inadequate documentation), the remaining 19 contracts could not be classified as either completion or LOE. Because this analysis focused on LOE contracts, contracts that were identified as completion or that could not be classified were not further analyzed.

The 22 LOE contracts were then evaluated according to four criteria listed in the FAR and the DOD Guidebook for the Acquisition of Services to determine whether PBA was applied correctly. Additionally, observations were made regarding the performance results, acceptable quality levels, and planned methods for evaluating performance; these suggested several trends which are discussed further below. The four criteria and the results of the evaluation are given in Table 1.

TABLE 1
Evaluation of Level-of Effort Contracts Labeled as PBA

Criterion	Evaluation Result
The contract's performance work statement (PWS) describes a required result rather than either "how" the work is to be accomplished or the number of hours to be provided (FAR 37.602(b)(1)).	Of the 22 LOE contracts, 21 did not specify a performance result. All 22 specified a required number of hours to be provided.
The contract includes measureable performance standards (FAR 37.601(b)(2)).	15 contracts did not include measurable performance standards. In 5 contracts, it could not be determined whether measureable performance standards were given.
The contract includes a method for assessing performance against performance standards (FAR 37.601(b)(2)).	1 contract did not include a method by which to measure performance against the standards. For 19 of the contracts, it was not clear whether this criterion was met; this was mainly due to inaccessibility of the Quality Assurance Surveillance Plan (QASP) for these contracts.
The contractor's performance against the required standards is measureable through an objective process (DOD, 2012, p. 9).	1 contract did provide an objective process by which to measure performance. As with criterion 3. above, for 19 of the contracts, it was not clear whether this criterion was met, due to inaccessibility of the QASP.

Based on the standards listed in the FAR and the DOD Guidebook for the Acquisition of Services, all minimum criteria must be met for a contract to be defined as PBA. Thus, if each of the criteria is met, PBA was properly applied; if at least one criterion is not met, PBA was not properly applied.

The evaluation above indicates that not a single LOE contract from the sample met all the minimum criteria for the proper use of PBA. Although some contracts included measureable, objective methods of evaluating performance, these methods were not tied to performance results. Notably, not a single LOE contract specified a performance result instead of a number of hours to be provided. The implication is ironic: The Navy could not properly apply PBA techniques to LOE contracts, yet it labeled LOE contracts as PBA. How can this be explained?

INCENTIVES FOR LABELING LOE CONTRACTS AS PBA

Agencies, including the Navy, seem compelled to identify contracts as PBA whether or not this approach is proper. What incentives does the PBA policy initiative give to contracting activities? Aside from the preferential treatment given to PBA in the regulations, the PBA policy initiative motivated the contracting community to adopt PBA techniques in two key ways: 1) goals and reporting, and 2) required waivers for non-PBA contracts. Taken together, these strongly incentivize contracting commands to identify contracts as PBA, regardless of whether a PBA approach is used.

Some exemptions from PBA reporting are provided for certain types of services contracts (OUSD/AT&L, 2006); however, these exemptions do not include many types of services where PBA is not appropriate. Edwards and Nash (2007, p. 355), for example, argue that PBA is not practical for long-term and complex services, which may be appropriate for the LOE approach, yet the reporting exemptions do not completely cover long-term and complex services. Because LOE services contracts are not exempted from PBA reporting, activities have an incentive to identify them as PBA in order to meet PBA goals.

The second motivation, requiring higher level approvals for non-PBA contracts, may have also contributed to the misapplication of PBA. As noted earlier, The National Defense Authorization Act for

Fiscal Year 2002 required higher level approvals of contracts that were not performance-based. In the US Navy, a contracting officer faced with a complex services requirement would have needed the approval of an official at least two levels higher in the chain-of-command before awarding a contract that did not use PBA techniques. Contracting officers were faced with a dilemma—either attempt to mask services requirements as PBA and report them as such, or submit a waiver to the approving official for every complex services contract. As demonstrated by the data, many contracting officers appear to have chosen to either misapply PBA or misidentify contracts as PBA.

NEGATIVE EFFECTS OF APPLYING PBA TO LOE CONTRACTS

This issue entails consequences more serious than a simple mislabeling. First, the examination of the sample of 50 contracts revealed that applying PBA to LOE contracts resulted in useless and distracting performance incentives. For example, several sampled contracts contained a performance standard similar to the following: "100% of reports are timely, accurate, and complete." This standard should be obvious to any services contractor; it is hard to imagine a contractor altering its performance based on this standard. Other standards focused the contractor's attention on trivial elements of the overall performance, which may have distracted the contractor's attention away from important elements. For example, several contracts focused on grammatical correctness of reports. Describing a complex services requirement in terms of the number of grammatical errors ignores the inherent subjectivity in evaluating complex performance outcomes. Therefore, a contractor providing these services may have been incentivized to provide grammatically correct reports (which can be objectively measured), rather than, for example, an innovative solution to a complex engineering problem (which can only be subjectively measured). Employing such useless and meaningless objectives may distract attention away from truly important mission-focused standards, thus potentially risking harm to the government's objective.

Second, forcing the PBA approach on a complex services requirement requires substantial effort during both the procurement and administration phases. Because requirements that fit the LOE contract type do not have clear, specific, and objective terms with

measureable outcomes, attempting to define such requirements in PBA terms has the potential to consume valuable time and create tension between the contracting officer and requirements personnel. The time and effort spent forcing the PBA approach on LOE services prior to contract award represents a cost to the government. Furthermore, the standards and acceptable quality levels, although meaningless or distracting, must be considered by the contractor in developing the proposal. This time and effort wasted prior to award represents a cost to industry.

During the administration phase, the contractor must perform to the required standards and acceptable quality levels, and the government must monitor this performance in accordance with the QASP. One sampled contract required that technical reports contain grammatical errors in no more than 2% of the lines. In this case, the contractor must review every line of these reports prior to submission to ensure that they contain no grammatical errors. Upon receipt of the reports, the government must also review every line, count the grammatical errors, and then record the number of reports meeting this acceptable quality level. Clearly, focusing on grammatical correctness not only distracts from truly important requirements; it also wastes time and effort.

Earlier we noted that the growth in PBA goals was accompanied by a growth in PBA obligations. This suggests that the PBA policy push was strong, and that the acquisition community responded to this pressure. However, the results reported above support the conclusion, shared by the GAO (2002), that this growth has been achieved, at least in part, with pseudo-PBA contracts; obviously, this was not what PBA policy-makers had in mind.

INSIGHTS FROM INSTITUTIONAL THEORY

Institutional theory offers a conceptual grounding to make sense of this narrative of the PBA policy-practice gap. Specifically, the ideas of institutional isomorphism (DiMaggio & Powell, 1983) highlight environmental influences that cause organizations to take on similar forms. Rather than form, however, we are concerned in this analysis of policy and practice with *action*, and so we use *institutional isopraxism* to highlight influences that drive organizations to act similarly.

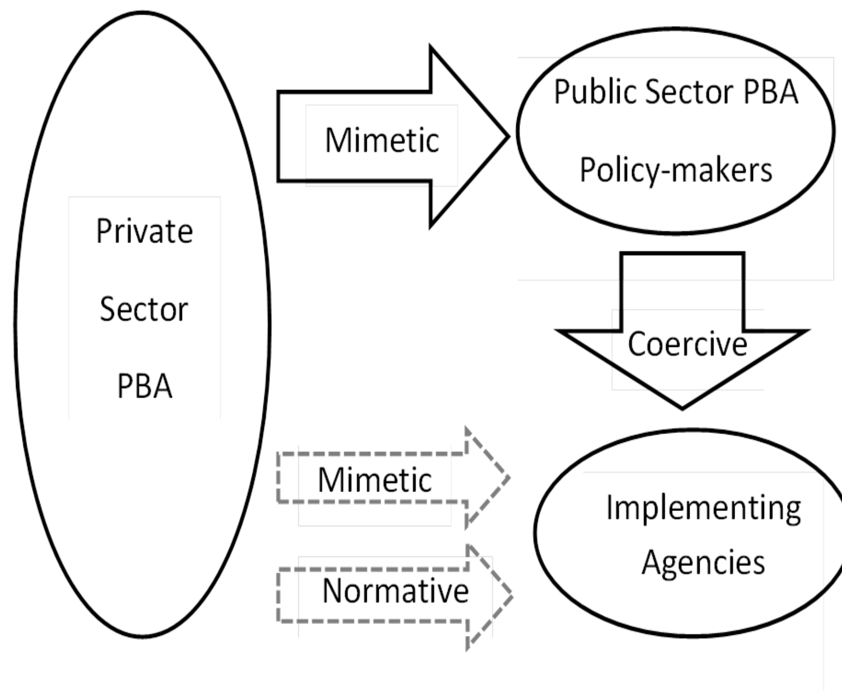
DiMaggio and Powell (1983, pp. 150-154) propose three types of isomorphism—coercive, mimetic, and normative. The following discussion adapts their descriptions of these isomorphisms to develop the parallels in isopraxism:

- Coercive isopraxism occurs when an organization receives pressure (formal or informal) from another organization on which it depends, as in governmental or corporate hierarchical relationships. The dependent organization is pressured to take actions espoused or prescribed by the higher-level entity, as in the case of policy-makers directing the actions of implementing agencies.
- Mimetic isopraxism occurs in environments of uncertainty when, in order to resolve ambiguity about what to do next, organizations take actions that model those of other organizations—particularly other organizations that are perceived to be successful or legitimate.
- Normative isopraxism occurs mainly through professionalization. Organizations tend to act in increasingly similar ways as their members share common educational, occupational, and professional needs and experiences.

Regarding the PBA policy-practice gap, Figure 1 provides a conceptual mapping of these isopraxisms in terms of various environmental influences that have been discussed earlier in this paper.

Mimetic isopraxism occurred when, amid calls for acquisition reform throughout the 1980s and ‘90s, policy-makers saw the PBA practices of the private sector as more efficient and effective—thus institutionally more legitimate—than the public sector. The private sector’s influence on policy-making entities was subsequently reflected in laws and regulations that promoted business-like, outcomes-based approaches in government, even to the extent of preferring private sector solutions through increased out-sourcing and privatization.

FIGURE 1
PBA Institutional Isopraxisms



We see this mimetic influence as having been sufficiently strong that policy-makers pushed the adoption of PBA without first understanding some key implementation details -- for example, the use of PBA in different types of contracts. Thus, PBA policy consistently lacked the nuances of practice that would enable effective implementation. DiMaggio and Powell note two aspects of politically constructed environments such as that in which PBA policy was made: “[P]olitical decisionmakers often do not experience directly the consequences of their actions; and political decisions are applied across the board to entire classes of organizations, thus making such decisions less adaptive and less flexible” (1983, p. 150).

Early (roughly 1980s) PBA policy simply reflected a preference for PBA and thus had little coercive influence. We interpret this restraint

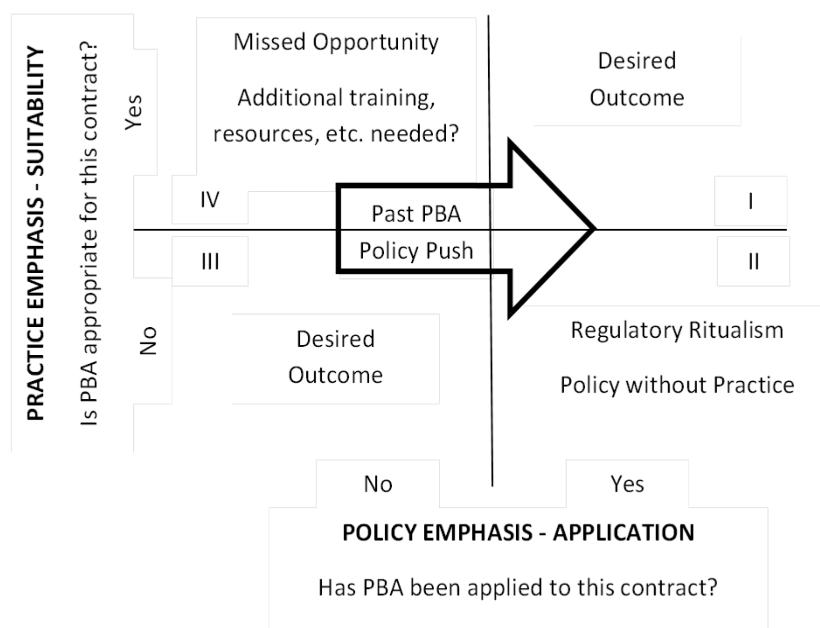
as policy-makers' early intent that procurement agencies would similarly recognize the benefits of PBA and adopt—mimetically—the PBA best practices of their private sector counterparts. Normative influences might grow in the forms of such as training and educational programs in PBA. However, several years passed with no apparent widespread adoption of PBA, which suggests that agencies were not significantly influenced by private sector practices.

As perceptions of acquisition's problems continued, policy-makers began taking more directive and prescriptive approaches to pressure agencies to implement PBA, such as establishing goals, reporting requirements, and high-level approvals for non-PBA contracts. This resulted in coercive isopraxism with agencies aligning their actions to accommodate higher level pressures from the entities that control their resources and define their missions. Ironically, as Figure 1 indicates, this coercive isopraxism apparently outweighed any significant mimetic and normative influences from the private sector, which over the longer term might have informed a more appropriate and effective PBA practice. (The dashed outline of the mimetic and normative influences indicates their weak or non-existent effect on agencies.)

Under this coercive policy influence, the message to implementing agencies was clear: Use PBA, or pay the costs of added effort. More precisely, the operative pressure on agencies was to label actions as PBA whether they were suitable or not. Under these circumstances, the motivations and incentives of the actors were clear, and the reactions were predictable. Braithwaite (2008) uses the term *regulatory ritualism* for the "tendency toward compliance in terms of data collection and reporting but where the regulatory impact on behaviors and outcomes is less clear" (Jarvis, 2014, p. 249). Agencies displayed ritualistic compliance with policy by labelling non-PBA contracts as PBA.

Figure 2 illustrates details of this policy practice gap in a 2x2 matrix with the variables suitability and application on the two axes. Policy makers are concerned with the *application* of PBA: If PBA is not applied to contracts, the benefits of PBA cannot be realized. In the practice of acquisition, however, agency contracting officers are concerned with details of individual contracts and whether a particular contract is *suitable* for PBA application. Ideally, of course,

FIGURE 2
The Policy Push toward Application



all contracts would fall in quadrants I and III; all suitable contracts and no unsuitable contracts would apply PBA. Past PBA policy, however, had the effect of pushing agencies to apply PBA to all contracts regardless of suitability, and thus toward Quadrant II—the realm of the policy-practice gap. By implication, increasingly coercive policies will only widen the gap.

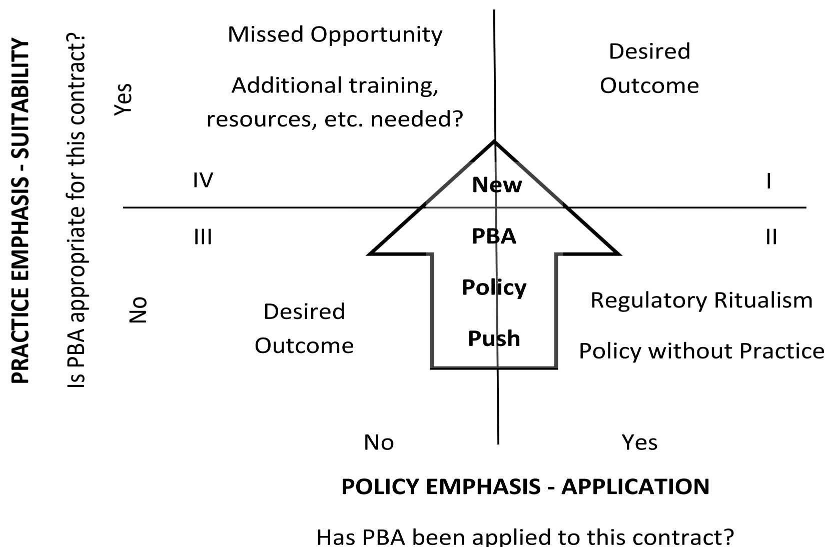
Quadrant IV, which represents cases of not applying PBA to PBA-suitable contracts, merits comment. Quadrant IV cases would presumably occur for reasons related to inadequate agency contracting capacity, such as inadequate training of personnel to recognize PBA-suitable requirements, or inadequate resources to apply PBA techniques. Ideally, the number of such "missed opportunities" would be low and so maintained through attention to agency contracting capacity. Agency capability may be enhanced through normative isopraxist influences such as training and

education, as discussed earlier. As suggested in Figure 2, however, the past PBA policy push had effect of diverting attention away from Quadrant IV cases and toward blanket application of PBA, regardless of agency capacity or other influences.

NARROWING THE PBA POLICY-PRACTICE GAP

Consider the revised PBA policy push in Figure 3. Here policy-makers' emphasis is on PBA suitability, specifically, on maximizing the number of PBA-suitable requirements. Considering our prior discussion, this seems proper for at least two reasons: first, only PBA-suitable contracts can actually yield PBA's benefits; and second, this push avoids the costs and wastes of ritual PBA compliance.

FIGURE 3
The Policy Push toward Application



Past PBA policy emphasized application over suitability, which had the effect of discounting practitioner expertise in favor of what amounted to a numbers game with the objective of maximizing PBA awards. A new PBA policy emphasizing suitability would place a premium on practitioner involvement in terms of professional

expertise and judgment as to whether a particular action was suitable for PBA or, perhaps more importantly, whether an action could be made to be PBA-suitable. Achievement of PBA-related reform would thus lie substantially in the realm of agency practice. Significant restructuring of public procurement requirements toward wider PBA suitability would arguably represent more substantive reform than mere increases in numbers of PBA contract awards.

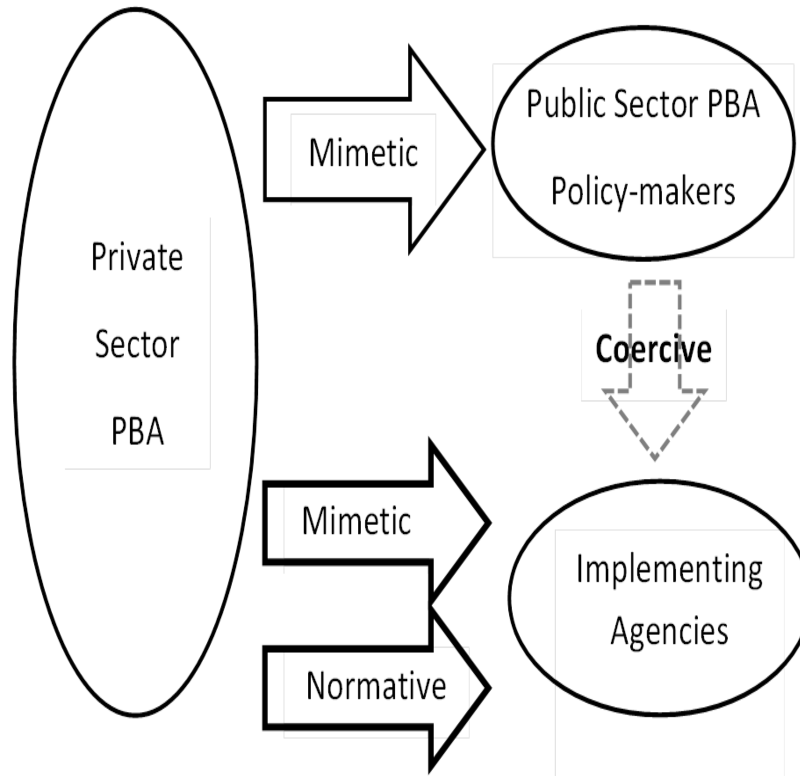
This suggests that policy-makers' desires for meaningful acquisition reform might be achieved by reducing reliance on coercive policies. With less coercive influence from higher, agencies might look to a greater degree to the private sector for best practices to model. They may be open to a greater extent to cultivating practitioner judgment and expertise through normative influences from the private sector via training and educational opportunities, as well as other professional interchanges. Figure 4 depicts this revised mapping of institutional isopraxisms.

SUMMARY AND CONCLUSION

In this paper we have described the PBA policy-practice gap in terms of various institutional influences that drive organizational actions in response. The coercive influences from policy-making entities which emphasize goals, reporting, and high-level approvals have driven procurement practitioners to respond with ritual compliance, which jeopardizes the full realization of PBA's benefits in federal acquisition. Narrowing this gap between policy and practice, according to institutional theory, will require policy-makers to take a less coercive approach and promote instead polices that open agencies to mimetic and normative influences from the private sector.

In closing, we note two recent developments that may suggest movement in this new direction. First, in March 2015, the Navy removed the higher-level approval requirement by designating the contracting officer as the approval authority for non-PBA actions. Second, executive educational programs on performance-based logistics (PBL, the manifestation of PBA in the context of logistics support) have been established at the University of Tennessee.[6] These programs are open to attendees from both the public and

FIGURE 4
PBA Institutional Isopraxisms to Narrow the Policy-Practice Gap



private sectors and use teaching materials that are developed from PBL cases in both sectors. Additionally, an international textbook on PBL has recently been published (Essig & Glas, 2014). This suggests the presence of mimetic and normative influences in the PBL arena. Whether this relaxing of coercive influence in the Navy and the emergence of mimetic and normative influences in PBL will affect the current configuration of institutional isopraxisms remains to be seen.

NOTES

1. This paper is an adaptation of Mansfield, B. (2015). *The Applicability of Performance-Based Acquisition Techniques to Level-Of-Effort Services Contracts*. Joint Applied Project submitted in fulfillment of degree requirements for the Master of Science in Contract Management, June. Naval Postgraduate School, Monterey, CA.

2. In this paper, all references to the Federal Acquisition Regulation (FAR), the Defense Federal Acquisition Regulation Supplement (DFARS), and the Navy and Marine Corps Acquisition Regulation Supplement (NMCARS) are available at http://farsite.hill.af.mil.

3. See DFARS 237.170-2(a) and DFARS 237.170-3(a). This requirement was later consolidated into DFARS 237.170-2(a).

4. DFARS 237.170-2(a) provides flexibility to the agency to determine the specific approving official. Prior to 19 March 2015, the Navy had assigned the Head of the Contracting Agency or the Deputy Assistant Secretary of the Navy for Acquisition and Procurement as the approving official, depending on the dollar value of the contract (NMCARS 5237.170-2(a) through Change 13-04). Per NMCARS 5237.170-2(a)(S-90), only architect-engineer (A&E) services and personal medical services were exempt from the approval requirements.

5. According to data from the Federal Procurement Data System - Next Generation (FPDS-NG), available at https://www.fpds.gov/.

6. See http://globalsupplychainemba.utk.edu/exec-programs/strategy-relationships/pbl.asp.

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