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**PUBLIC PROCUREMENT POLICY:  
IMPLICATIONS FOR THEORY AND PRACTICE**

Keith F. Snider and Rene G. Rendon\*

**ABSTRACT.** This paper proposes a conceptual framework for the study of public procurement policy. It reviews policy-related writings by public procurement scholars and assesses these works from the perspective of their contributions to generalized understandings of public procurement policy. Selected tools and concepts from the policy sciences are applied to propose a model to illuminate unique aspects of public procurement policy in ways that will facilitate its study. The paper concludes by discussing some recent actions, trends, and issues from the U.S defense procurement sector in terms of the framework. Models such as the one proposed in this paper will contribute to enhanced approaches to procurement policy analysis by scholars, as well as to informed and sophisticated policy implementation by practitioners.

**INTRODUCTION**

The purpose of this paper is to explore various dimensions of public procurement policy. It proceeds from two major premises. First, because public procurement is a relatively new field of study, the study of its policy is also immature. Second, in the same way that it draws liberally from other reference disciplines and fields, public

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procurement can employ concepts and analytical methods from the policy sciences (e.g., policy analysis) in order to investigate its own policies.

We do not mean to suggest that public procurement policy has received no attention; Arrowsmith & Hartley (2002) provide ample evidence to the contrary. Rather, we argue that public procurement scholars have yet to give sufficient efforts to the sort of conceptual theorizing about policy that will lead to ordering devices and approaches that can help researchers and students make sense of its complexity, uses, and limitations.

Policy science scholars have developed a number of ideas and models that should aid in mapping the prominent features of public procurement policy's diverse landscape. This paper attempts to draw upon such conceptual tools and adapt them for the study of public procurement policy. Like most other policy studies, we do not seek to theorize for the purpose of developing normative theory; rather we seek a construct or framework that will be useful for description and explanation in its ability to order facts and ideas about public procurement policy in meaningful ways.

Through its contribution to the intellectual foundations of public procurement's policy, this paper also highlights its strategic character. The traditional view of public procurement as a routine and mundane function (Gordon, Zemansky & Sekwat, 2000) has been effectively challenged (see for example Thai, 2000; Piga & Thai, 2006). Others argue that, under contemporary circumstances, public procurement is taking on more of a strategic nature (Leenders & Fearon, 1997; McCue & Gianakis, 2001; Hinson & McCue, 2004; Matthews, 2005). This paper proceeds along lines of inquiry suggested by Snider (2006; 2008) linking the strategic nature of public procurement to its focus on and concerns with public policy.

The paper begins by reviewing high points from the classic literature of the policy sciences, much of which was produced in the middle to late 1900s. It then turns to the body of public procurement literature that addresses the field's policy and its conceptual frameworks. It assesses the strengths and weaknesses of these studies from the perspective of their contributions to generalized understandings of public procurement policy. It then applies selected policy sciences tools and concepts to public procurement to propose

another conceptual framework as a means to illuminate unique aspects of public procurement policy in ways that will facilitate its study. It concludes by discussing some recent actions, trends, and issues from the U.S defense procurement sector in terms of the framework.

### **THE POLICY SCIENCES**

The fields and disciplines that make up the contemporary policy sciences have their roots in late 19<sup>th</sup> and early 20<sup>th</sup> century scholars' interests in political decision-making by governmental entities. The increasing complexity of the modern administrative state, coupled with the Progressive Era's confidence in technical rationality to solve societal ills, focused attention on public decisions and the processes used to reach them. It was widely believed that, by collecting sufficient relevant facts on any particular issue and subjecting those facts to scientific analysis, better decisions (i.e., public policies) could be reached.

#### **Policy and Politics**

Such a bias toward empiricism had the effect of insulating the emerging policy sciences from "politics," viewed as the realm of normative, value-laden, power-based, subjective decision-making. By the middle of the century, Harold Lasswell could remark that, despite their common etymological roots, the word "policy" was free from any of the undesirable connotations of the word "politics" (1956, p.5). In addition to Lasswell, prominent policy scientists included Simon (1947), Easton (1953; 1965), Vickers (1965), Lindblom (1968), and Dror (1968). In general, their studies investigated basic questions surrounding public policy, for example, who makes it, why is it made, how is it made, and what areas are targets of policy?

#### **Public Policy – Definitions**

A few definitions are in order. First, "public" is generally taken to mean that which is held in common by society as opposed to that which is held privately or by individuals (but see Parsons (1995, pp. 2-12) for a nuanced discussion of this distinction). Second, "policy" has been defined simply as "important choices" (Lasswell, 1971, p. 5). Peters (2007) laments, "today, everything government does is labeled 'policy'" (p. 4), a condition that he claims frustrates serious

analysis. He defines “public policy” as *the sum of government activities, whether pursued directly or through agents, as those activities have an influence on the lives of citizens*. Such a definition would surely include the activities of public procurement—more on this point below.

### **The Policy Process**

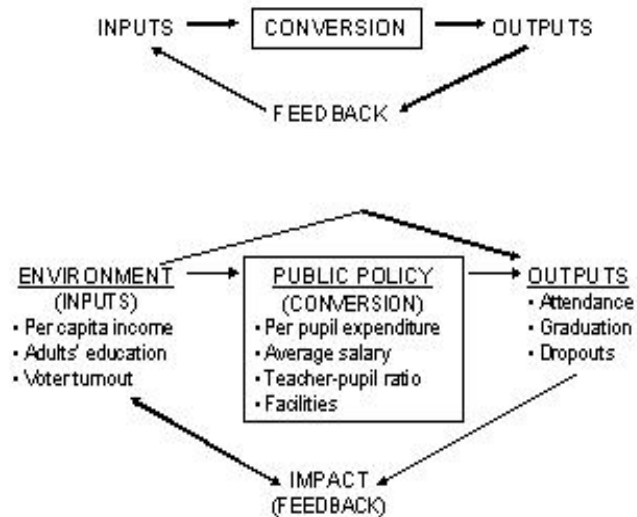
Much attention has been paid to the ways in which and processes by which public policy is made. According to Dror (1986, p. xiii), policy-making implies “conscious awareness of choice between alternatives for steering society.” For Parsons, the policy-making process is “an attempt to define and structure a rational basis for action or inaction” (1995, p. 14). Several scholars (Lasswell, 1956, Mack, 1971; Rose, 1973; Jenkins, 1978) propose a “stagist” model that maps the policy-making process into steps such as issue definition, agenda setting, formulation, decision-making, implementation, and evaluation. Others have criticized this approach as too neat, arguing that policy-making is much more complex and often doesn’t conform to any recognizable process (Lindblom, 1980; Nakamura & Smallwood, 1980; Stone, 1989). As former public servants, the authors agree with these critics’ assessments of the difficulties with the stagist approach. At the same time, however, we recognize the need for some framework that facilitates analysis of policy-making. Accordingly, we make use of the stagist approach as a heuristic in our discussion below.

### **The Systems Model for Policy Studies**

The most widely employed conceptual framework in the policy sciences is the systems model (Easton, 1953; 1965; Dye 1966), which may be seen as an application of general system theory (von Bertalanffy, 1968) to public policy. Figure 1 depicts the familiar systems model construct of *inputs*, some unit of analysis for *conversion* of inputs into *outputs*, and a *feedback* loop.

For many social science applications, this model is referred to as an “open systems” model, which reflects the idea that all elements of the model are open to influences from the external environment. Thus, outputs and feedback are functions not only of the conversion element, but of other environmental factors as well.

**FIGURE 1**  
**General Systems Model (top) and the Model Applied to**  
**Elementary/Secondary Education Policy (Bottom)**



The systems framework allows for identification, description, and analysis of the key components of the system. It also imparts an appreciation for and an understanding of the complex connections and interrelationships among various components. This may illuminate the relative importance and relevance of components in the production of outputs. It may allow for identification of inefficiencies and pathologies in the system, as well as identification of potential solutions for such problems. The model also calls attention to the boundaries of the conversion process; that is, the extent to which and the ways in which the process remains distinct and separated from the environment. Finally, the model highlights the inherently dynamic nature of an open system, since the external environment for complex systems is constantly evolving.

The model's merits also indicate some of its shortcomings. For example, though it points out linkages among various components, the model cannot capture the full complexity of a significant socio-technical system, such as a large organization. Theoretically, each

part of the system is in some way related to every other part. The systems framework is, like any other model, only a highly simplified abstraction of reality. A similar criticism may be directed toward the dynamic character of the open systems framework. To put it in the form of a question: If the system is constantly evolving, how may one model anything more than a brief snapshot of the system? This criticism has significant implications regarding attempts to identify inefficiencies and promote reforms. Along these lines, Dye (1966, pp. 1-19) recognizes that his particular application of the systems model for policy analysis is empirical and useful only for explanatory purposes. He admits its serious limitations and inability to provide prescriptive remedies or guides for good policy-making.

Also shown in Figure 1 is an example of the systems model's application in the specific context of elementary and secondary education policy (Sharkansky, 1970, p. 68). In this example, the "conversion" box represents specific education policies, as reflected in decisions and actions taken by public policy-making entities, which in this example are school districts (the unit of analysis) in one U.S. state. Policy outputs are service levels affected by those actions, and policy impacts are the effects that services have on a population. The environment represents the social, economic, and political context that supplies inputs for education policy and feels its impacts. In his study, Sharkansky attempted to select independent and dependent variables that seem capable of depicting relationships between and among the environment, policy, and outputs. (Significantly, with regard to the model's limitations, he was unable to define appropriate variables and metrics for the "impact" element of the model.)

### **Types of Public Policy**

Peters' definition of public policy above referred to its influence on the lives of citizens. Necessarily, public policy affects some group. Lowi (1964) identified three categories of public policy that are distinguishable according to the degree of disaggregation of the treatment the policy in question provides to the group it affects:

- *Distributive* policies, such as agricultural subsidies, confer some value or benefits on a group.
- *Redistributive* policies, such as welfare and unemployment programs, rearrange value or benefits between or among groups.

- *Regulatory* policies restrict or otherwise govern some aspect of citizens' activities.

Lowi further posits a developmental sequence in which technologically advanced societies move from principally distributive policies to principally regulatory policies (a point we will return to later in the discussion). Salisbury (1968) adds a fourth category of *self-regulatory* policies, which are those that delegate regulation authority to the regulated group. An example of such a policy is the authority given to the American Bar Association to admit attorneys to practice.

Salisbury & Heinz (1970) simplify matters somewhat by grouping distributive and redistributive policies under the heading of *allocative* policies, and regulatory and self-regulatory policies under *structural* policies. These two broad types of public policy are distinguished by the extent of ambiguity between winners and losers. Little such ambiguity is present in allocative policies, while in structural policies benefits are expressed in abstract terms of rules and structures, and any tangible benefits are likely deferred. In their analysis, Salisbury & Heinz hypothesize that the more costly it is to organize the requisite coalition on an issue, the more likely it is that the policy outcome will be structural rather than allocative. To give a procurement-related example, the U.S. Congress would find it difficult and time-consuming to make individual weapons acquisition decisions (allocative policies). Thus, it enacts legislation designating positions for acquisition decision executives in the Department of Defense (a structural policy).

### RELEVANT PUBLIC PROCUREMENT LITERATURE

We now turn our attention to the extent to which public procurement scholars have addressed the material reviewed above. Specifically, we are interested in (1) treatments of public policy in the public procurement literature, and (2) public procurement-related analytical frameworks that may be useful in understanding public procurement policy.

#### **“Policy” in Public Procurement**

A review of selected public procurement research reveals a tendency to treat the field in a way that distances it from “policy.” Arrowsmith (1995), Knight *et al.* (2003), Bolton (2006), and Knight *et*



*al.* (2007) portray public procurement as a tool, mechanism, instrument, or lever for promoting what they label as “policies” such as industrial and economic development and assistance to historically disadvantaged groups. From the systems model’s perspective, however, such policies could more precisely be labeled desired results (either outputs or impacts), which governments attempt to achieve through specific procurement policies. Knight *et al.* (2003; 2007) provide useful case descriptions and make brief mention of supply policy, but again, their attention is on supply policy as a lever for government reform. That is, they emphasize the desired result (reform) rather than the specifics of supply policy.

Others (e.g., Schooner & Whiteman, 2000) use “policies” when referring to principles such as transparency, probity, competition, and value for money. Again, the systems perspective would classify these principles as desired results (outputs or impacts) to be achieved through procurement policies. Such treatment of public procurement deflects attention from its policy aspect that determines the extent to which it contributes to desired outcomes. Consequently, we find that very little attention has been devoted to the study of public procurement policy *qua* policy.

To the extent that the public procurement literature does address policy, it seems to center either on structural policies or on allocative policies, but not both. The lack of attention to both types is notable, since achievement of the principles and other outcomes mentioned above are clearly functions both of structural and of allocative policies.

Examples of discussions that focus on structural policies include those in the areas of domestic sourcing (Arrowsmith, 1995), use of purchase cards (Schooner & Whiteman, 2000), dual-sourcing (Burnett & Kovacic, 1989), green procurement, e-procurement, and several others (Knight *et al.*, 2003). These writers’ lack of attention to allocative policies may be attributable to their choosing to think of procurement decisions (e.g., contract awards) as something other than policies. Nevertheless, such decisions are allocative public policies that confer benefits on some groups and not others. Indeed, such decisions are political ones—not in the sense of involving partisan politics—but political ones nonetheless. Even minor procurement actions may be considered “street-level policy.” Perhaps, however, like last century’s policy scientists, some public

procurement scholars and practitioners prefer to take an instrumentalist view of the field in order to insulate it from any association with potentially undesirable connotations of “politics.”

Regarding allocative policies, several works detail the circumstances of specific procurement programs and decisions (e.g., Stevenson, 1993; 2001; Kotz, 1988; Dempsey *et al.*, 1997; Farrell 1997). Many of these have the character of “exposés” of problem procurements rather than of scholarly policy studies. The emphasis in these works is often on how less-than-rational political factors influenced major allocative policy-making. To a large extent, these authors neglect the vast array of structural policies that serve to control and guide to successful conclusions the great majority of procurement actions. By focusing on the few “bad apples,” they fail to consider the positive effects of structural policies on the rest of the bunch.

To summarize, scholars view public procurement mainly as an instrument to further various goals, and they focus on either its structural or its allocative policies. Our review of the policy sciences literature, however, indicates that any study purporting to examine the whole of public procurement policy must necessarily treat it explicitly as policy, and it must account for both policy types.

### **Analytical Frameworks for Studying Public Procurement**

Several public procurement scholars have proposed models for analyzing various aspects of the field. Thai (2000) adapts the systems model to capture “the whole scope of public procurement” (p. 17). He is particularly concerned to portray the core elements of any procurement system and the relationships between and among them. Thai places the policy-making function with management executives at the top level of a procurement system. This has the effect of discounting the importance of policy roles that may be played in other elements of his model, for example, his “regulations” element or his “operations” element (pp. 17-18).

Many researchers (e.g., McCue & Gianakis (2001)) have modeled the public procurement process as a series of phases of activity such as procurement planning, formalization, implementation, and evaluation. Though none of these models explicitly addresses policy, we note that, to some extent, the phases of this process correspond

to the stages of the policy-making process, a point to which we will return later.

Harland *et al.* (2000) explicitly set as their objective the development of a “conceptual framework for public supply” (p. 349). They review existing models, document shortcomings, and construct their own model, which has ties to the systems model. While their discussion mentions policy, Harland *et al.* are more concerned with capturing the full range of environmental and contextual influences on supply actions, which may include policy-making. Their model thus seems optimized for analysis of the input and conversion elements of the systems model, but it does not appear to give explicit attention to its other elements.

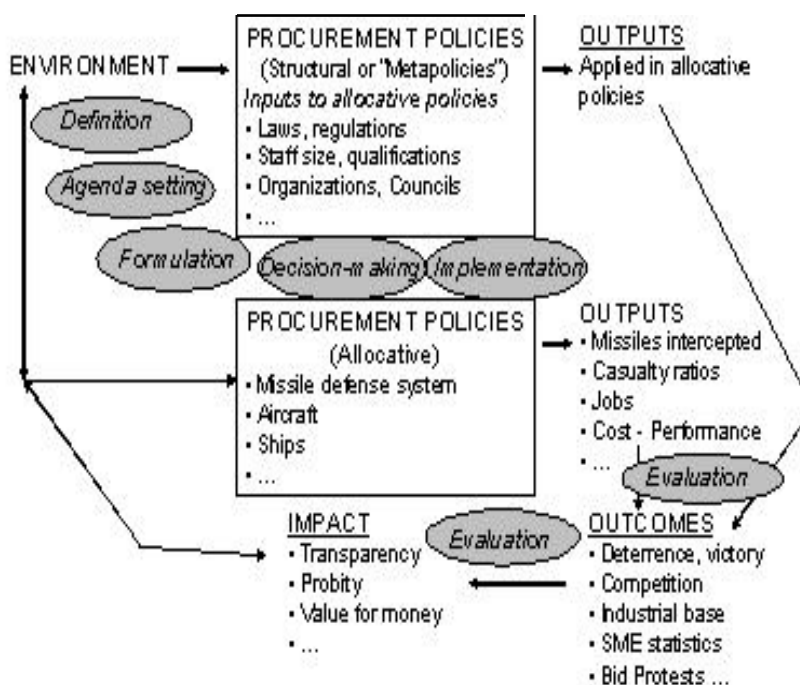
We conclude from this review that existing analytical public procurement frameworks, while perhaps valid for their developers’ respective purposes, do not enable comprehensive study of public procurement policy.

### **A FRAMEWORK FOR PUBLIC PROCUREMENT POLICY**

As our concern is public procurement policy, our own model (Figure 2 provides an example of the model applied to defense procurement) makes use of several of the aforementioned concepts from the policy sciences. We begin with the open systems construct of inputs, conversion, outputs, and feedback. A distinctive feature of our model is the explicit depiction of the unit of analysis’ policy/conversion elements for both policy types—structural and allocative. Each of these receives particular inputs from the environment (which the model by Harland *et al.* (2000) may be useful for analyzing). We use the term “meta-policies” as another label for structural procurement policies since they serve to govern and regulate other policy-making. Examples of structural policies are procurement laws and regulations, decision-making authorities, and resources such as procurement staffs and support organizations. These serve as part of the external environment for and provide inputs to allocative policies, such as individual defense procurements and programs.

Outputs of allocative and structural policies vary accordingly. Outputs of structural policies occur as those policies are applied in allocative policies, as when a policy favoring small businesses is enacted with a contract award to a small business. Structural policy

FIGURE 2  
Levels of Public Procurement Policy – Defense Procurement Example



outputs are thus deferred and evident in outputs of allocative policies. For allocative policies, outputs may consist of metrics directly associated with the effectiveness of the item or system procured, or they may be ancillary results such as facilities and jobs that the procurement creates.

We include an intermediate stage—outcomes—between outputs and impact. Here we wish to emphasize that higher-order results, such as successful defense, a robust industrial base, and small and medium enterprise (SME) metrics are functions both of allocative and of structural policy outputs. Finally, “impact” corresponds to even higher-order effects such as the transparency, probity, and value-for-money principles mentioned earlier. The relevant procurement environment reflects the extent to which such impacts are manifested.

We also display in our framework the stages of the policy-making process above. Obviously, the process for making specific allocative policies will differ from that for making specific structural policies. (As noted above, the process for allocative policy-making is closely tied to the public procurement process modeled by McCue & Gianakis (2000) and others). The processes for the two policy types will necessarily be intertwined, as allocative policies must account for relevant structural policies and vice versa. We include the stages of the policy-making process because of their correspondence with the “flow” of the systems model. The definition and agenda setting stages align with the depiction of inputs that flow from the environment. Formulation, decision-making, and implementation correspond roughly to the conversion element, and evaluation figures in determinations of outputs, outcomes, and impacts. Depicting these stages adds granularity to the basic systems model by calling attention to the types of activities associated with each of its elements.

### **DISCUSSION – ACTIONS, TRENDS, AND ISSUES**

In this section, we explore some aspects of this framework and its implications. Specifically, we want to discuss some recent policy developments in the U.S. public procurement sector in terms of the preceding discussion.

#### **Public Procurement Policy’s Complexity and Importance**

Our framework highlights the inherent complexity of public procurement policy and its making. The preceding discussion has indicated the difficulty in attempting to capture this complexity in any single analytical framework. The most appropriate framework—the systems model, with its depiction of an ever-evolving environment—helps explain why public procurement is constantly reforming. Finally, the discussion has also revealed the difficulty in achieving various desired outcomes and impacts, since those are functions of many different policies, both structural and allocative.

Several recent developments in U.S. procurement illustrate this complexity. In particular, they illustrate the challenges of making procurement policy in environments characterized by urgent and sometimes conflicting demands.

### ***Hurricanes Katrina and Rita***

The contracts awarded in support of Hurricanes Katrina and Rita relief efforts have been criticized by both the media and government oversight organizations. Although some of the contracts in response to these natural disasters were awarded in minimal time, these contracts resulted in less than desirable outcomes. For example, in response to an urgent need for portable classrooms, the Army Corps of Engineers was able to award a contract for portable buildings in minimal time, using compressed negotiations. The Corps was able to leverage a pre-existing agreement for portable buildings and issued a non-competitive order on that contract. The portable buildings were delivered in a timely manner, but the contract had to undergo frequent amendments to reflect evolving procurement requirements. In addition, there were concerns after the contract award that the Corps was paying too much for the portable buildings (Government Accountability Office, 2005).

A similar example includes the procurement of cruise ships for use as temporary housing for hurricane evacuees. The Federal Emergency Management Agency (FEMA) needed “10,000 berths on full-service cruise ships.....and it needed the deal done by noon the next day” (“\$236M Cruise Ship Deal,” 2005). The U.S. Military Sealift Command held an urgent one-day competition, receiving proposals from 13 ships, with only four ships meeting the specific procurement requirements and receiving contract awards (Government Accountability Office, 2007). For a variety of reasons, however, the ships experienced low occupancy during the weeks following the hurricanes (Department of Homeland Security, 2006). Politicians have criticized this contract for paying “exorbitant prices” and describing it as “a grossly overpriced sweetheart deal for a cruise line” (“\$236M Cruise Ship Deal,” 2005).

In these cases, the environment’s demand for urgency drove the making of immediate allocative decisions by invoking special emergency procedures. Many governmental entities create such contingency procedures (i.e., structural policies) in order to expedite procurement decisions (i.e., allocative policies) in special circumstances. These structural policies have the effect of simplifying the allocative policy-making process by shortening or eliminating its stages. It’s evident that, in the zeal to satisfy the urgent need, policy-makers paid insufficient attention to the

procurements' requirements. Thus, while the desired outcome of timeliness was achieved, other outcomes were not.

### ***Iraq Reconstruction***

The contracts awarded for reconstruction and military operations support in Iraq have also come under scrutiny. The criticisms of these contracts focus more on the procurement methods used to acquire these urgent supplies and services, specifically addressing the issue of competitive or non-competitive contract awards. A variety of structural policies, including the Federal Acquisition Regulation (FAR) and applicable statutes, requires the use of full and open competition in awarding contracts, or proper justification and authority for using other than full and open competition procedures. In addition, policies require that, when issuing task orders under existing contracts, these task orders must be within the general scope of the basic contracts. Recent analysis of Iraq reconstruction contracts determined that agencies generally complied with applicable laws and regulations in awarding contracts using other than full and open competition procedures. For example, the Army Corps of Engineers appropriately awarded a sole source contract for Iraq oil infrastructure reconstruction to one contractor who was determined by the agency to be the only contractor that could meet the requirement (Government Accountability Office, 2004). Although this sole source contract was awarded in accordance with statutory and regulatory requirements, there still exists a perception of "cronyism and a lack of transparency" in the procurement process due to close ties between senior government officials and the contractor ("The Triumph of Cronyism," 2008).

The contract awarded by the U.S. Agency for International Development (USAID) for major infrastructure reconstruction work in Iraq is another example of such controversy. Due to its large contract value and use of less than full and open competition, the contract award to Bechtel resulted in a high level of controversy. USAID initially had sent the Request for Proposal (RFP) to seven potential contractors, with a two-week response time. Three declined to submit, and only two of the remaining four submitted competitive bids. The contract award was made to Bechtel using a cost-plus/fixed-fee "letter contract" (Department of Defense Special Inspector General, 2006). Although the USAID Inspector General's review of the Bechtel contract award concluded that the agency had

complied with all applicable federal regulations, except for the rule requiring notification and timely debriefings to unsuccessful offerors, perceptions of cronyism and favoritism in the procurement process remained (“The Triumph of Cronyism,” 2008).

In these cases, demands from the environment were apparently so stringent that competition was minimal. Even though structural policies were followed, many perceived the procurements to be biased. In some cases, then, policy-makers may simply have to accept that their decisions will be unpopular and subject to criticism.

### ***Mine-Resistant Ambush-Protected (MRAP) Vehicle***

In response to the increasing number of coalition casualties from Improvised Explosive Devices (IED) attacks, the Department of Defense (DOD) initiated the acquisition of Mine-Resistant Ambush-Protected (MRAP) vehicles in 2007. The Secretary of Defense made MRAP the DoD’s top priority acquisition program, which led to an aggressive acquisition approach, including compressed contracting processes, a 24/7 testing schedule, and multiple contract awards in order to ramp up production activity. However, the DoD acknowledges that it may “encounter manufacturing, spare parts, and maintenance issues....[and] is accepting these risks in order to provide more capable vehicles to our troops as absolutely fast as possible...” (“Herculean Work”, 2007). Of course, a major consequence of this highly accelerated acquisition approach will be the lack of a developed infrastructure for logistical and sustainment support of these vehicles. With multiple contractors manufacturing uniquely-designed vehicles, the logistical footprint for providing training, maintenance, and spare parts may prove to be costly in the long run.

Here, the urgent demands of the environment for immediate fielding of enhanced troop protection have led to the setting aside of many structural policies. From the perspective of policy-makers, cost factors in this case simply do not enter into consideration.

### **Relationships between Allocative and Structural Policies**

Recall Lowi’s (1964) hypothesis that technologically advanced societies reflect increased reliance on structural rather than allocative policies. With respect to public procurement, mature societies wish to promote principles such as transparency and



probity. They turn to regulations, laws, and other structural features to govern applications of allocative procurement policies, which may lead to graft, corruption, “pork,” and other undesirable outcomes. It remains, of course, for Lowi’s hypothesis to be tested, but several questions arise which deserve further attention. For example, do structural policies contribute to bureaucratic “red tape”? Do they decrease responsiveness to the customer of procurement, and do they sacrifice value-for-money for greater accountability and control? If so, removal of “non-value-added” structural policies (“deregulation”) may be preferred.

### ***FASA and the C-130J Aircraft***

In 1994, the U.S. Congress passed the Federal Acquisition Streamlining Act (FASA). This revolutionary legislation, unlike previous procurement legislation that implemented tight controls and strict contracting codes, repealed or substantially modified over 200 contracting statutes and requirements. The FASA was instrumental in streamlining the government procurement process by eliminating non-value added requirements (Lumer & Ireton, 1994).

One significant aspect of the FASA was the preference for commercial contracting methods and the preference for acquiring commercial items that meet the requirements of the government. FASA even resulted in the establishment of specific procedures and a separate part of the FAR (Part 12) for the acquisition of commercial items.

In 1996, the Air Force leveraged this streamlined commercial acquisition policy when it awarded a FAR Part 12 contract to Lockheed Martin for the purchase of 117 C-130J cargo aircraft for the Air Force, Marine Corps, and Coast Guard at a cost of \$7.45 billion (Department of Defense Inspector General, 2004). Though the Air Force had previously purchased the C-130 as a military item, it determined that the aircraft was now a commercial item as defined by the FAR, since it would need only minor modifications to meet the government’s requirement. Since the Air Force was using a commercial contracting approach, it did not have the usual extent of oversight or access to contractor cost and pricing data. However, an investigation revealed that the C-130J commercial specification did not meet the user’s requirements, forcing the addition of requirements at additional expense to the government. Due to the

commercial approach used in this acquisition, the government could not have access to contractor pricing data in negotiating the costs for the additional requirements. The Air Force contracting officer was thus limited in his ability to protect the government against overpricing. Aircraft prices rose from \$33.9M in 1995 to \$49.7M in 1998 to \$66.5M in 2004. (Department of Defense Inspector General, 2004, p. 5).

In the case of the C-130J, eliminating structural policies through FASA led to a poor allocative policy. Had the pre-FASA regulations remained in effect, the adverse outcome described above could have been avoided. Clearly, then, structural policies have value. Further, while structure may lead to bureaucracy, structural policies may, under certain circumstances, enhance allocative policy-making. The 1990's U.S. acquisition reform movement (linked to then-Vice President Gore's "Reinventing Government" initiatives) emphasized efficiency, flexibility, and streamlined processes. In some cases, reforms entailed "deregulation"—that is, a reduction or removal of structural acquisition policies, such as in the FASA case. In contrast, other reforms reconfigured structural policies in order to increase efficiency and achieve other benefits. For example, the policy instituting the "integrated product team (IPT)" approach in program review and oversight did not eliminate requirements for review and oversight. Rather, it called for those functions to be accomplished using teaming approaches and principles with the intent of deriving benefits associated with well-functioning teams.

Another example of a relatively new structural policy is the institution of vendor past performance as a mandatory source selection criterion in major contracting decisions. While clearly intended to add value to the procurement action, the policy has also led to an increased number of bid protests in individual allocative policies, due to the increased complexity and ambiguity in the source selection process (Snider & Walkner, 2001).

Such questions that touch on relationships between structural and allocative policies deserve study. Knight *et al.* (2003, pp. 124-125) note the tensions and, in some cases, inconsistencies between and among the different public procurement principles sought as outcomes by nations. Exploring such tensions within the allocative-structural policy construct may be profitable.

### ***Trends toward Structural Procurement Policies in the U.S***

The creation of centralized procurement organizations and the use of omnibus-type contracts is an example of the DoD migrating to structural procurement policies. The Air Force's establishment of commodity councils (Rendon, 2005) as a centralized approach to procure supplies and services common to a variety of end-users is one example. The commodity sourcing strategy, which focuses on developing a specific sourcing strategy for a category or group of supplies or services, involves the development and application of a carefully crafted strategy for the procurement of quality supplies and services at the lowest cost (Gabbard, 2004). The success of commodity strategies is based on maximizing the cost-reduction advantages of leveraging combined buying power for volume discounts, using market experts to formulate a sourcing strategy, and finally, forming strong relationships with preferred suppliers (Reed *et al.*, 2005). Commodity councils have been established for information technology supplies and services, medical supplies, and force protection services.

Another example of this trend is the establishment of regional procurement organizations to provide procurement support to specific geographical regions of the Air Force. With the current decentralized procurement approach, there is the potential for "inconsistencies in contracting practices throughout the Air Force, redundant purchases of similar commodities and an inability to leverage the size of the service to increase its purchasing power" ("Bases Loses Some Control," 2008). The centralized approach is intended to allow the Air Force to use personnel more efficiently, save money through quantity purchases, reduce delivery times, in addition to enhancing visibility, accountability and consistency in the acquisition process.

### **CONCLUSION**

The conceptual framework developed in this paper and the ensuing discussions are offered to stimulate the interest of public procurement scholars and practitioners in the policy of their field. Clearly, this is only a tentative first step; much more work is required. The model requires critique and further development before it can be applied. For example, referring back to Figure 1 and its

illustration of elementary/secondary school education policies, we note the variables and metrics chosen in each element. Before public procurement policy can be studied in a similarly rigorous way, it remains for public procurement researchers to determine appropriate variables, metrics, and hypotheses concerning their relationships.

In performing this research, the authors were again reminded of public procurement's importance in its pervasive influence throughout society. The effects of public procurement are felt in many different substantive policy areas – defense, education, energy, transportation, environment, and health care, to name just a few. Public procurement policy is a principal determinant of outcomes in each of those areas. Thus, it would seem to deserve the same extent of executive and academic attention that is paid to other areas of public administration such as budgeting and financial management, human resource management, and information management.

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