Chapter 1 Defence Acquisition: A Practice in Need of Better Theorizing

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ABSTRACT

The speed of reforms within defence acquisition (DA) over the past forty years has greatly outstripped theoretical understanding. This development is of considerable concern because it weakens knowledge development at the very time DA's role, responsibilities and accountabilities are increasing. Modern defence organizations' increasing dependence on suppliers to generate military capability in turn requires DA to be more commercially effective (often with decreasing budgets) while at the same time developing and maintaining harmonious relationships at defence-supplier interfaces. The scale of changes generated by DA reforms have been such that past knowledge development processes are not able to effectively meet current requirements. Closing the theory-practice divide is the means most likely to generate the knowledge necessary to address present and emerging challenges. This chapter outlines the type of theory required to match DA's emerging role and what its development would entail.

INTRODUCTION

Defence acquisition (DA) at its most basic involves defence organizations turning their limited money into maximum military capability. Generally, but not exclusively, this is achieved through the use of markets. While it is generally accepted that DA is different from most other forms of procurement, opinions as to how relevant these differences are fall into three distinct positions. The first position (DA1), frequently supported in recent decades by governments of all persuasions, posits that these differences are insignificant while similarities with well-established generic procurement theory and practice are highly applicable to DA. Evidence supporting DA1 includes the ongoing hiring of generalist consulting firms by governments to find solutions to enduring DA problems. The second position (DA2) is more commonly held within defence organizations. It accepts that while DA is informed by a general procurement theory (as applied to both the public and private sectors), the differences in content and context are sufficiently pronounced as to justify DA having a unique body of knowledge. Hence, many

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defence organizations continue to fund higher education centres which specialize in DA education and research (e.g. USA - Defence Acquisition University and Naval Post Graduate School; UK – Cranfield University). The third position (DA3) builds upon DA2, arguing that DA should have not only a unique body of knowledge but its own distinct theory. In short, a combination of practical 'know how' and theoretical 'know why' should be applied. This chapter argues that the implementation of the neoliberal reforms by Western styled governments have so extremely altered DA's roles, systems and processes that a far more comprehensive theory than is offered by either DA1 or DA2 is required to effectively inform current and future practice requirements.

The rationale for developing DA3 is twofold. Firstly, in academic terms DA3 is aimed at widening the conceptual space to enable informed debate on DA. While most commentators accept that DA involves applying knowledge from many disciplines, further clarity is needed as to which disciplines should be included (or excluded) and how these disciplines might interact. For instance, the merging of defence and security potentially introduces new disciplines while also highlighting the dynamic nature of what constitutes DA. Creating greater conceptual clarity will strengthen DA's abilities to better identify the dynamic, complex, multi-causal factors involved, thereby making it better equipped to anticipate future challenges. Secondly, in practical terms, generating a theory to support DA3 will streamline the development of effective systems, processes and tools to overcome the areas where DA practice has been deficient. It is contended that the complexities, uncertainties and ambiguities confronting modern defence organizations and their core functions, their acquisition activities in particular, present challenges of such significance as to render inadequate the knowledge responses offered by DA1 and DA2.

Three commonly used reasons to explain persistent, poor DA performance are: lack of commercial skills; the 'conspiracy of optimism'; and inefficient business processes. While all three reasons have some credibility, it seems unlikely that, even when combined, they can provide an adequate explanation for the persistence of poor DA performance issues. If this were so, why have the treatments implemented over several decades to specifically mitigate these three risks not resulted in improved DA performance in line with expectations? In the case of commercial skills, there has been an enormous investment in the use of consultants, recruitment of staff with specialist commercial skills, increased salaries aimed to attract and retain higher skilled DA practitioners and greatly enlarged training and education of DA staff in commercial skills. Similarly, in respect to optimism bias and inefficient business processes, there have been extensive reforms to governance systems and processes in order to deal with such risks. Despite the upskilling and governance reforms, the same question persists, "Why do so many defence contracts fail to deliver to contractually agreed performance time and cost requirements?" (Gardener & Moffat, 2008, p. 225).

One of the more obvious answers is that because these persistent problems are multi-casual, gaining a deeper understanding of them will require a widening of the range of possible explanations. One explanation which could be included in this widening is that the present inadequacies in explanatory power have come about largely as a result of a series of rapidly implemented changes in DA which initially generated sufficient successes that it was tacitly assumed that an ongoing, universal application of standard practices would resolve all of DA problems. As a result, practice became so highly privileged that reforms were, and continue to be, implemented at such an accelerating pace, they have far outstripped theoretical understandings of what has happened over the past three or four decades. Other factors such as downsizing, austerity measures and time compression have also created additional fragmentation across disciplines, which in turn suggests there is even less understanding of the dynamic and interactive causal factors making up the total system.

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