

## Chapter 51

# Institutional Entrepreneurship in Defence Acquisition: What Don't We Understand?

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### ABSTRACT

*One of the most common arguments used to justify the outsourcing of defence activities is that the private sector is more innovative than the public sector. New Public Management has been widely promoted as the most effective means by which the public sector can engage with markets and gain access to the greater entrepreneurial capabilities offered by the private sector. However, a major obstacle to generating the improvements sought by having greater access to entrepreneurial businesses is bound up in the inherent tensions generated by divergent institutional logics. Government departments are motivated to move towards stasis while the entrepreneurial market spirit ideally embraces institutional change. This chapter examines the challenges faced by defence acquisition in changing these potentially opposing institutional logics before concluding with suggestions on how to progress an applied research agenda for defence acquisition in order to make better use of entrepreneurial capabilities.*

### INTRODUCTION

Outsourcing of Government acquisition activities has been a continuing theme of the Thatcher and post-Thatcher eras under the mantle of New Public Management (NPM) (Osborne and Gaebler, 1992). The term NPM encapsulates the required public managerial activities to improve public services through the engagement of industry in the development of cost effective solutions (Denhart and Denhart, 2000). This so called neoliberal agenda that in the context of this chapter refers to a project of economic and institutional transformation has been seen to increasingly influence the UK government's attention to embrace the private sector in the delivery of military capabilities and services both on and off the battlefield (Cowan, 2000; Connell, Fawcett & Meagher, 2012).

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Government departments, which include the defence acquisition environment and others, have long been criticised for being institutional bureaucracies incapable of innovative thought and flexibility (Kallikinos, 2006). In part this criticism is because of the conflict between modern perceptions of business efficiency, based on risk taking and consequential reward in comparison to a viewpoint that both risk taking and public accountability are diametrically opposing concepts that cannot coexist (Bovens, 2005). As an outcome of this subjective standoff position between, risk taking with and the consequential impact of risk materialisation, an institution can find itself in perpetual stasis on the basis of its members continually rejecting the coalition of risk and accountability based on principle.

A central tenet of neoliberalism is that it is not just an economic based agenda but also an agenda of cultural and institutional change where such change realises benefits of efficiency that in turn creates greater outputs for less input (Connell, 2009). However, institutional change can often require actors liberating themselves from their embedded interpretations of social reality that are perceived as institutional logics of appropriateness or “the way things are done around here” (Davies, Nutley, and Mannion, 2000, p. 112). These logics are said to be endemic to a particular institutional order and involve an agent’s interpretation of social and hence institutional reality within the given environmental context in which they are translated (Friedland and Alford, 1991).

One of the more recent academic challenges within the field of institutionalism is to obtain a clearer understanding of how institutional change occurs and how it is orchestrated (Tracey, Phillips & Jarvis, 2007, 2011; Battilana, Leca, & Boxenbaum, 2009).

Studies in NPM suggest such change is a function of a three step approach namely: disaggregation, competition and incentivisation (Dunleavy, Margetts, Bastow & Tinkler, 2006). Institutional change theory offers an alternative perspective but it is the field of entrepreneurship that offers an emerging lens for the examination of institutional change that embraces how groups, and or individuals respond in accommodating such change either for the collective good or individual indulgences (Battilana & D’Aunno, 2009; Bechky, 2011). Given the increasing encroachment of market orientated services into once unimaginable places within Government, little, if anything, is known about how the implied interaction between different organisational logics can be used for ensuring sustainable change or the conceptual difficulties this may pose (Bjerregaard & Luring; 2012).

This chapter therefore briefly examines the relevant literature on institutional change and places this within a defence context. In doing so it explores how an understanding of the prevailing cross cutting institutional logics between government institutions and commercial enterprise using an entrepreneurship perspective may provide a basis for developing a more informed research agenda in this area. The approach adopted in this chapter to achieve this outcome is firstly, to provide a simple review the concept of neoliberalism and NPM with reference to Defence. Secondly, to examine what is meant by institutional entrepreneurship and institutional change. Thirdly, to consider how institutional logics can inhibit or support change. Finally, it suggests a research framework to progress an applied research agenda to enable defence to better understand how to exploit entrepreneurial opportunities that arise from such initiatives.

### **Neoliberalism**

Since the 1970s the public sector has been continuously cajoled to improve the efficiency and effectiveness of its performance set against the backdrop of a neoliberal reform agenda emanating from the Thatcher era in the UK, Reagan in the US and others further field with a primary goal of deregulating national economies (Steger & Roy, 2010). Amongst other initiatives within the neoliberal agenda ‘Privatisation’

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