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SUSTAINABILITY IN GOVERNMENT CONTRACTS: A MEASURE OF PERFORMANCE FROM THE CONTRACTOR PERSPECTIVE

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ABSTRACT

Studies in Government contracting are relatively new manifestation to academic research. Expanding theories to practitioner challenges may offer new concepts and insights to potential solutions to these challenges. Through a review of relevant literature, the researcher sought to 1) identify an operational definition of sustainability in government contracting and 2) bridge gaps in information by exploring sustainability factors available for successful performance in government contracting. Findings provide noteworthy contributions of practices available to both businesses and contracting professionals designed to improve contracting performance and enhance business longevity for government contractors.

INTRODUCTION

The U.S. funds \$450 billion annually through the discretionary budget for government contract spending (Friel, 2014). Since the early 1990's, sustainability has become a business trend that changed demands placed on business. Emergence of new developments created gaps in information germane to leadership and successfully implementing sustainability measures in organizations (Metcalf & Benn, 2012). Deficiencies in information mean some business leaders may be unaware of successful sustainability strategies that increase longevity in government contracts. Consequently, these business leaders lack knowledge in sustainability for successful performance in government contracting. The researcher sought to 1) identify an operational definition of sustainability in government contracting and 2) bridge gaps in information by exploring sustainability factors available for successful performance in government contracting through a narrative literature review. Sustainability has not been clearly defined or consistently applied throughout business research (Carter & Rogers, 2008). Failure to apply sustainability concepts to government contracting, integrate relationships of concepts to contractor performance, and consistently define sustainability in business literature lead to two questions: 1) How can sustainability be defined and applied to government contracting? 2) Does a relationship exist between integrated sustainability concepts, government contracting, and contractor performance?

Sustainability for organizations employs critical areas that collectively create a systemic, strategic focus that helps foster sustainable growth for stakeholders and agencies. Procurement definitions vary in scope in relation to supply chain management, and terms are often industry specific. Sustainable procurement has traditionally primarily

focused on reducing cost (Giunipero, Hooker, & Denslow, 2012). Commonly defined as, the pursuit of sustainable development objectives through purchasing and supply chain processes, sustainable procurement lacks a universal definition (Walker, Miemczyk, Johnsen, & Spencer, 2012). In exploring sustainability in government contracting, the concepts used explained and described sustainability in supply chain management (Giunipero et al., 2012; Tate, Ellram, & Dooley, 2012). Regardless of the context applied, sustainability is the significant aspect of organizational development that enables the organization to promote lasting success.

Since 2012, suspension or debarment actions in US acquisitions have nearly doubled (Lasky, 2013). Positive performance ratings and contractor performance systems are critical for continued opportunities for firms, as the government contracting officers seek experienced and qualified business partners to achieve its objectives (Bradshaw & Chang, 2013). Creating performance measures has positive implications on the federal decision makers' capacity to manage contracts successfully (Amirkhanyan, 2011). These factors make positive performance an imperative goal for government contractors because a requirement for increased accountability becomes created by performance measurement (Amirkhanyan, 2011). The information helps government officials determine whether a contractor receives future work (Bradshaw & Chang, 2013). Therefore, negative impacts on poor performance ratings may extend beyond the lost revenue from government contracting opportunities.

PRINCIPAL AGENT THEORY

Jensen and Meckling's (1976), principal-agent theory serves as the conceptual framework to understand the impact of sustainability and government contractor performance. The theory derives from contract law and provides a context for shaping and managing contract interactions to expound the performances amid two actors in agreement (Awortwi, 2012). In its application, implications are broad but the focus is on the respective relational assignments (Steinle, Schiele, & Ernst, 2014). Supply chain management is one example where the theory cultivates appropriate application. Scholars have become interested in using principal-agent theory to understand how participants manage risks, align incentives, and forge relationships (Fayezi, O'Loughlin, & Zutshi, 2012). The principal-agent theory provides evidence to explain the relationship behavior between the principals and agents concerning managing contracts (Witesman & Fernandez, 2013).

METHODS

To discover implications, possibilities and manifestations of sustainability in government contracting narrative synthesis literature review is the data collection method employed. The review comprised of information from online databases to include ProQuest and all EBSCOhost databases. Keyword classifications identified terms *sustainability, public procurement, principal-agent relationships, government contracting performance, sustainable leadership, and sustainable purchasing and supply management*. The article began with a review of existing literature, furthering the conversation of the principal-agent relationship and continues with current concepts of

sustainability, sustainable procurement, and contractor performance. The article concludes with a discussion of findings that include recommendations for further research, implication for professional practice and a concluding statement.

REVIEW OF LITERATURE

Contracting and Public Procurement

Government contracts, public procurement, and federal contract describe government entities overarching premise for buying goods and services. These terms include supply chain management aspects under the procurement. Procurement definitions vary in scope in relation to supply chain management, and terms are often industry specific (Miemczyk, Johnsen, & Macquet, 2012). Enhancing supply chain perspectives produces innovative procurement techniques (Gianakis & McCue, 2012). Procurement and sourcing decisions typically concern internal buying processes. The processes relate primarily to direct suppliers (i.e., dyadic relationships) and include specification, vendor selection, contracting, ordering, expediting, and evaluation (Miemczyk et al., 2012). The literature review includes a discussion of procurement as a supply chain subsection to understand thoroughly how sustainability factors manifest in government contracting.

Contracting involves buying supplies and services from private contractors as an alternative to internally providing in-house services (Awortwi, 2012). Many terms used throughout the study are interchangeable expressions used to describe the phenomenon. For example, purchasing as well as supply activities within dyads involve trade-offs or transactions and long-term relationship development with other parties (Miemczyk et al., 2012). Contracting out occurs at all levels, throughout, the federal government is a routine practice (Lu, 2013). Theory and policy indicate that competition catalyzes enhanced efficiency in public contracting. Government contracting officials do not always procure supplies and service-based competition or governing policy (Joaquin & Greitens, 2012). Awarding government contracts is often non-competitive (Johnston & Girth, 2012). Decisions to procure supplies or services may reflect choices stemming from individual requests or urgent needs. Agency goals and policies, combined with contracting officials' decision to acquire supplies or services, result in conflicting views. Therefore, to meet established contracting goals, public procurement officials base decisions on the need to use expedient measures (Snider, Kidalov, & Rendon, 2013). Using convenient measures often promotes these noncompetitive awards (Johnston & Girth, 2012). Scholars have questioned the constitutionality of relationships and outsourcing between the government and its largest contractors such as Lockheed Martin and Halliburton (K. N. Brown, 2011). Robust policies exist that require procurement professionals' adherence when making business decisions about contracting out government goods and services. Most government outsourcing lacks systemized accountability, and as courts and scholars begin to understand relationship characteristics, practices will remain unchallenged (K. N. Brown, 2011).

Various collaborative efforts encompassing many elements ultimately influence decisions and outcome of contractual agreements. Government initiatives to enter contractual arrangements with companies whose goals align with theirs become significant. Conversely, due to business dynamics, nonprofit and for-profit organizations

have conflicting interests that may result in a different contractual relationship with the government (Witesman & Fernandez, 2013). Government procurement lacks research regarding sustainability related to organizational performance. Understanding sustainability factors, while considering the contractual relationship between the government and contractors within the principle-agent framework is the primary goal of this study.

Organizational perspective

The literature reviewed included public contract performance from various organizational aspects. These elements encompass universal meaning describing contractual relationships germane to both the government and the contractor. Apart from the many regulations that govern the public procurement process, an equally important dynamic is the contracting decision makers who provide input into the contractual relationship between the parties. As a sub category to procurement, purchasing functions incorporate fundamental public procurement elements in organizations. To account for the different management competencies dimension, business leaders should situate procurement practice on an organizational level, as well as a national, context (McKevitt et al., 2012). Significant research identified structured purchasing function and examined how the organization's size influenced purchasing unit designs within a company (Glock & Broens, 2013). Provider competition is difficult to achieve and costly to sustain, and contracting decisions may not include contract management costs (Johnston & Girth, 2012). Insufficient administrative resources for efficient contracting threaten cost-effective outsourcing (Johnston & Girth, 2012).

This section provided additional information and insight into sustainability and its impact on government contracts performance. Derived information fills research information gaps on government procurement and contributes to the body of knowledge. Public procurement elements include management competencies, supply management, organizational structure, and information technology (Gardenal, 2013; Gianakis & McCue, 2012; Glock & Broens, 2013; McKevitt et al., 2012). Other significant elements include administrative resources devoted to managing the market. Resources dedicated to managing the market results in pitting market management objectives against contract design, implementation, oversight, and accountability, which entails actual, often overlooked expenditures (Johnston & Girth, 2012). In public procurement, resources come in many forms. In addition to managing contracting markets, other organizational aspects affect public procurement. For example, contract negotiations and final award determinations include many factors, such as the considering the supplier's cost structure throughout the contract cycle (Dimitri, 2013). Additionally, management capacity may serve as the weak link in determining efficient contracting processes (Joaquin & Greitens, 2012).

Human capital and contracting officers

Human capital is an essential element to organizations contracting processes. Active and normative practices in public procurement have highlighted government buyers management competencies and distinguished procurement professionals according to their skills (McKevitt et al., 2012). German municipalities' highlighted that organizational size, measured by the number of inhabitants, employees, and purchasing volume, influenced the structural variables in various ways (Glock & Broens, 2013). Contracting officers are integral in make or buy decisions (e.g., McKevitt et al., 2012).

Government leaders settled for provider preference and relied more heavily on vigilant monitoring and evaluation activities (Joaquin & Greitens, 2012). A similar conclusion indicated that agency goals and policies present conflicting views that require alignment in an attempt to meet established contracting goals (Snider et al., 2013). This observation substantiated Joaquin and Greitens's (2012) finding. Even though government decision making officials relied on oversight and monitoring, control became nearly nonexistent at various government levels (Joaquin & Greitens, 2012).

Studies included a typology of conditions that give rise to the human elements that can potentially create, enhance, inhibit, and sustain markets from which government procurement officials purchase goods and services. The information revealed the theories and governing policies behind public sector contracting needs for products and services. However, organizational factors that influence the contracting process outside the prevailing policies renders these principles inapplicability for practical application.

Principal-Agent Theory

The principal-agent theory originally derived from contract law and its application to formal contractual agreements and has applicability to a variety of management contexts (Witesman & Fernandez, 2013). Supply chain management is one example where the theory cultivates appropriate application. Scholars have become interested in using principal-agent theory to understand how participants manage risks, align incentives, and forge relationships (Fayezi, O'Loughlin, & Zutshi, 2012). Supply chain management has many aspects, and procurement is an essential element in system operation processes. The principal-agent theory serves as an appropriate construct for describing business leaders and managers' behavior and performance on government contracts within this context. The theory is a framework for shaping and managing contract interactions to expound performance descriptions for two actors in an agreement (Awortwi, 2012). The principal chooses an agent because the principal lacks the expertise and resources to produce the service in-house and determines if contracting out the services costs is advantageous. Ultimately, the principal hires an agent, and the two parties agree to contract terms including compensation for work performed.

Principal-agent theory in public contracting

Researchers have applied the principal-agent theory to studies involving procurement to describe broad contractual relationship scopes (Awortwi, 2012; Etro & Cella, 2013; Tao & Jingjing, 2011). Studying behavioral choices under incentive contracts involves analyzing monitoring capacity levels to determine value and commission (Tao & Jingjing, 2011). The theory later became useful for examining local governments' effectiveness in managing relationships with private contractors in Ghana (Awortwi, 2012). A competition analysis between research and development firms indicated how market competition relates to incentive contract choices for managers with hidden productivity (Etro & Cella, 2013). Although researchers have heavily applied the theory to procurement, public procurement is a relatively new research topic and a growing phenomenon. Therefore, the function the principal-agent theory has played to date is relatively unknown (Flynn & Davis, 2014). Recent literature on government contracts indicates that advantages exist to applying the principal-agent theory to government contracting and contractor performance. An example involved identifying a gap in research and presenting viable frameworks from which

to investigate public procurement studies (Flynn & Davis, 2014). Many scholars applied the principle-agent theory to government contracting and cited numerous advantages for doing so.

Goal alignment

Principal-agent theory elements focus on determining hidden productivity costs and encourage creative ways for principals to measure and compensate agents by minimizing those costs to the principal (Coletta, 2013). The agency theory provides insights for relationship engineering within supply chains, where social, political, legal, and behavioral dynamics dominate (Fayezi et al., 2012). Politics tends to dominate pre-award contract functions; however, within this arena, other dynamics affect performance and range goals facing agencies and contractors. Examining the factors affecting goal attainment in public sector performance contracts included a focus on Danish's central government performance contracts. The findings indicated that a crucial factor in performance on government contracts is whether agencies control the formulating and meeting goals (Binderkrantz, Holm, & Korsager, 2011). Therefore, to improve contracting initiatives, a concentration should be on enabling government leaders to secure ambitious and relevant performance objectives (Binderkrantz et al., 2011).

Researchers have explored goal alignment through rigorous contract monitoring involving different performance aspects using numerous surveillance tools, for example, performance objectives and measures (Witko, 2011). Performance contracts present a solution to the goal complexity and goal ambiguity. Performance management examinations combining incentive analysis through performance contracts with executive contracts for agency heads revealed the systems to be ideal for focusing managerial attention on performance (Binderkrantz & Christensen, 2012). The dynamic presented the complex contractual relationship from the principal-agent theory perspective. Different national contexts or other public sector organization types may reach the same conclusions.

Manage risks and advantages of applied theory

The principal-agent theory has limitations and risks identified by authors researching the topic. For example, an overemphasis on economic drivers has become significant weaknesses in agency theory use (Heracleous & Lan, 2012). The underlying premises behind the principal-agent theory must remain intact when applying to diverse contexts, which require broadened conceptions of essential elements (Wiseman et al., 2012). Inductive approaches used to identify context-specific differences between principal-agent and governance structures have failed to produce principal-agent relations with applicability to varied institutional contexts (Wiseman et al., 2012).

Forge relationships and behavior

Applying the principal-agent theory to supply chain management revealed interdependency between the principals and the agents, who often swap roles within the relationship (Fayezi et al., 2012). Supply chain management theories comprise an appropriate comparison to public procurement research. Closely connected management-specific theories are suitable for use alongside established psychological and economic theories for studying organizations and markets (Flynn & Davis, 2014). Procurement has become a supply chain management subfield. The subcontext is necessary because principal-agency theory elements such as information sharing and incentivization serve to explanation relationships and behavior contract alignment (Fayezi et al., 2012). Principal-

agency research integrating universities as government organization support revealed adverse selection as cynical implications materializing early in relationships (Rasmussen & Gulbrandsen, 2012). Problems lied in finding appropriate agents for delegation (Rasmussen & Gulbrandsen, 2012). The authors applied the theory to a program that operated in a complex situation with multiple principals and agents. The requirement entailed government support programs to adhere to goals and rationales for programs funding sources and balance various stakeholders (Rasmussen & Gulbrandsen, 2012). Conforming stakeholders' goals as a concept align with the premise (Fayezi et al. (2012)). A corresponding principal-agent model for green supply chain management provided a framework based on the theory (Kai, Wei, & Meng-lin, 2014). The model was suitable for comparing and analyzing knowledge sharing characteristics between enterprises in green supply chains. The design allowed practitioners to explore features that affected various parameters and changed contract formation conditions. These parameters helped identify and build upon different characteristics established by the analysis and design, based on principal-agent theory (Kai et al., 2014). The valuable, usable framework was suitable to analyze different management systems using the model.

Procurement officials within public organizations find it difficult to develop long-term relationships with suppliers that allow optimization in pursuing their respective goals (Gianakis & McCue, 2012). Relational contracting relies upon a structured agreement, which means the relationship is more than between just two parties (Never & de Leon, 2014). Trust is crucial to ensuring all individuals will seek mutually beneficial solutions so the relationship will continue (Never & de Leon, 2014). While the literature indicates difficulties in forming relationships, the findings also indicated the importance of relational contracting for successful contractual performance and completion.

Rival theories and opponents of the principal-agent theory

Numerous theories stand out for their predominant use in public procurement research. However, two have become most prominent: the theory of auctions and competitive bidding and principal-agency theory (Flynn & Davis, 2014). Based on historical United States contracting regimes, relational contracting and the stewardship model have typified classical contract law (Van Slyke, 2007). The theories addressed significant discussion underlining contractual relationships highlighting the similarities shared. For example, primary factors underlining the principal steward relationship include goal congruence, mutual trust, and benefit (Witko, 2011). Within the principal-agent theory, researchers revealed that managers frequently contacted and communicated with their vendors despite having clear structured and formally written contracts (Lamothe & Lamothe, 2012b). The contact may allude to the prospects that actual contractual relationships may deviate from theories discussed.

Formal written agreements such as those drafted within the principal-agent theory context contain influencing factors such as service characteristics, market conditions, and vendor ownership (Lamothe & Lamothe, 2012b). These factors differ from more relational agreements that contain the influence from management style such as reputation, management capacity, and continuing relationships expectations (Lamothe & Lamothe, 2012b). When discussing sustainability, the factors and activities allowed by the principal-agent theory relationship may not permit flexibility. Primarily because characteristics limitations exist, those are historically required to maintain such a relationship.

Relevant work from the contractor perspective came from authors who explored public contracting for human services based on the impact on the contractor rather than the government (Never & de Leon, 2014). A focus on relational contracting by Never and de Leon (2014) involved viewing the event from the trust theoretical framework. Viewing the relationship expanded Van Slyke's (2007) instrumental work in examining relationships between government agencies and contractors and contended that relationships between public bodies and entrepreneurs often more closely resemble principal-steward relationships. The descriptive findings indicated that government agencies were unreliable to human service nonprofit companies that enabled the nonprofits to adhere to predetermined contractual responsibilities (Never & de Leon, 2014). The contractor bore the burden to reduce their financial or human capital (Never & de Leon, 2014). Goal alignment and establishing rapport become important factors for satisfactory performance. The government's standing and approval is a significant factor dictating the contractor's approach to leading and managing their organization to adjust performance to please the principal.

Sustainability

Researchers have argued favoring a positive relationship between sustainability and financial performance because sustainability efforts improve economic benefits by enhancing relevant organizational aspects (Lee & Pati, 2012). Information derived from the literature analysis indicated a deficiency in universally accepted sustainability standards or methodologies for measuring, assessing, and monitoring the company's progress toward sustainability. Corporate interest in sustainability results from environmental and social scandals, government regulations, and greater consumer concern for ecological issues (Makipere & Yip, 2008). Sustainability is measurable in at least three ways: economic, environmental, and social. An analysis conducted by H. Walker, Miemczyk, Johnsen, and Spencer (2012) substantiated the findings and identified social or societal, ecological, and economic dynamics as primary sustainable procurement and supply chain aspects.

The literature on sustainability indicates inconsistencies in sustainability and performance, as outcome measurements surface from varying perspectives. One investigation to identify sustainability factors related to corporate performance included organizations whose leaders report corporate sustainability practices to examine their impact on financial performance (Ameer & Othman, 2012). Sampling 100 top global corporations confirmed that companies whose leaders place emphasis on sustainability practices had higher economic performance (Ameer & Othman, 2012). Economic performance as measured by return on assets, profit before taxation, and cash flow from operations was comparable to companies without such commitments in some activity sectors (Ameer & Othman, 2012). Another approach to examining corporate performance from an economic performance perspective showed limited focus on the service industry (Lee & Pati, 2012). Using the Pacific Sustainability Index to sample 196 companies from 12 industries ultimately exposed a direct relationship between the environmental, social sustainability factors and market performance. The authors primarily focused environmental and social elements, containing sub-classified aspects categorized as intent and reporting. For example environmental intent covered accountability, management, policy, and vision. Environmental reporting covered emissions to air, emission to water, energy, management, materials usage, recycling, waste, water. Social intents covered

accountability, management, policy, social demographic, and vision. Social Reporting covers the scores of human rights, management, qualitative social, and quantifiable social elements (Lee & Pati, 2012). A multi-industry empirical study centralized to purchasing managers identified trends, methodological challenges, and research gaps from sampled articles contained published throughout the *Journal of Purchasing and Supply Management* (H. Walker et al., 2012).

Engaging in processes of transforming corporate leaders to enhance contributions to larger sustainable development delivered sustainable value beyond financial growth (Kiron et al., 2013; Tideman et al., 2013). For some industries, Leadership in Energy and Environmental Design (LEED) certification programs facilitated this process. One empirical test assessed factors that influence US companies decisions on adopting LEED certification programs (Gauthier & Wooldridge, 2012). Publicly available information provided support for the argument that imagination drives LEED adoption among organizations (Gauthier & Wooldridge, 2012). Additionally, the work contributed to investigative literature that determines sustainable innovation adoption (Gauthier & Wooldridge, 2012). No matter how organizational leaders approach sustainable growth, the research showed high potential for implementing sustainable programs. Many company leaders proceed with incorporating sustainability initiatives because resources and capabilities reside internally; however, the ability to add value may be dependent upon supporting routines (Perego & Kolk, 2012). Unconventional methods are organizational leaders' responsibility to determine the best course forward to achieve sustainable progress for a company's future.

Sustainable Procurement

Sustainable procurement appears most frequently defined as the pursuit of sustainable development objectives through the purchasing and supply chain process (H. Walker et al., 2012). The most common definition is applicable, as no universal definition of sustainability or sustainable procurement exists. Sustainable procurement is a growing phenomenon. Concepts used to explain sustainable supply chain management will apply to explore sustainability factors facilitating successful performance in government contracting (Giunipero, Hooker, & Denslow, 2012; Tate, Ellram, & Dooley, 2012). Initiatives included avoiding cost overruns through contract management through contractor performance. The exploration of contractor performance may include minimizing cost overruns through leadership efforts.

Researchers explored performance objectives that included price supporting the sustainability of upstream supply chains (Ageron, Gunasekaran, & Spalanzani, 2012). Theoretical frameworks developed for sustainable supply management focused on suppliers and their firms' involvement in formulating and managing a sustainable business. Giunipero et al. (2012) later substantiated the findings of Ageron et al. (2012). Management initiatives and government regulations primarily dictate purchasing and supply chain sustainability efforts (Giunipero et al., 2012). A hindrance to sustainability initiatives for many companies includes investments in sustainability during economic uncertainty (Giunipero et al., 2012).

Sustainability for organizations includes critical areas that collectively create a systemic, strategic focus that helps foster sustainable growth for stakeholders and agencies. It is unclear if business leaders pursue sustainability measures to benefit the group. For example, environmental purchasing and supplier management are early trends

for many organizations. Upon initial implementation, external pressure toward environmental responsibility pressures many organizations to pursue environmental sustainability (Tate et al., 2012). Executives acknowledge their naivete by reporting lacking consistency in selecting and implementing sustainability activities at the CEO level (Giunipero et al., 2012). Researchers have begun to contribute to the literature on sustainability from a nonfinancial perspective and to devise methods for measuring sustainable leadership (Lourenço, Callen, Branco, & Curto, 2014). Based on performance outcomes, sustainable leadership involves the interaction between environmental performance, social performance, and financial performance (Ameer & Othman, 2012). Senior leaders tend to capture sustainability policy and practices by adopting dedicated language and financial auditing processes (Perego & Kolk, 2012). That allows them to ensure they meet their own commercial and professional objectives through reporting (Boiral & Gendron, 2011; J. Smith et al., 2011). The questionable reporting alludes to a trend that organizational leaders will incorporate and report sustainable progress because for financial gain or to retain stakeholders' trust.

Performance Measurement and Outcomes in Public Contracting

Government officials maintain past performance reports as a determining factors in vendor responsibility. Although compliance levels with reporting requirements have improved, the compliance rates with reporting vary considerably by organization (GAO, 2014). The principal-agent theory has a framework for monitoring various contract outcomes, which includes performance measurements. The concepts and methods, as mentioned previously in supply chain management and public procurement, retain transferability and applicability. A greater goal alignment between public and nonprofit organizations means that nonprofit organizations leaders can demonstrate high reliability in performing work for government entities, thereby resulting in a higher effectiveness level (Awortwi, 2012). Substantial factors discussed involving vendor performance impacts entangle the government's close cooperation with its contractors, in addition to political connections (Lamothe & Lamothe, 2012a). The untraditional relationship between the government and the contractor aligns with the Awortwi (2012), who concluded that the most significantly perceived contractual performance indicators are contractor selection and contract monitoring.

Considering reflected activities and behaviors presented in the principal-agent relationship, universal, nondiscriminant performance measures exist (Witesman & Fernandez, 2013). An e-procurement model for public contracting authorities to quantify procurement performance benefits assisted the industry by measuring how e-procurement contributed to increasing organizational performance (Gardenal, 2013). Goal alignment is an important factor in measuring and predicting successful government contractor performance irrespective the size, company or contract type. Contracting performance is a byproduct resulting from trade-offs existing between different aspects contained within the contracting relationship (Awortwi, 2012). In exploring contracting effectiveness and government's performance, performance management included a focus on correlations between various factors the authors selected to investigate (Chaturvedi & Gautam, 2013). The results framework document process rendered positive impacts on several key high-performing organizations indicators (Chaturvedi & Gautam, 2013). The findings showed that the initiative had the potential to contribute toward civil servants performance

orientation. The efforts also helped government agency leaders push specific agendas for reforms and good governance.

Performance measuring from the government perspective, the rating official almost invariably relates to principal-agent theory concepts. Recent studies include discussions on performance within the principal-agent theory context (Awortwi, 2012). Some addressed performance specifically as it related to government contracting (Chaturvedi & Gautam, 2013) while others incorporated dynamics such as political connection impacts on vendor performance (Lamothe & Lamothe, 2012a). All researchers reviewed independently contributed to the body of knowledge in some form. When addressing elements focused on answering the central research question, however, authors failed to specifically address sustainability factors in government contractor performance within the principal-agent theory framework.

Contract Performance Leadership Ramifications

The government sets aside approximately 23% of all contracting dollars to small businesses. Poor performance ramifications are detrimental to small business participants. When performance suffers, immediate performance or a contractual agreement breach occurs (Jacobi & Weiss, 2013). In assessing default remedies for contract breaches, an economic determination motivates renegotiating the contract, or seeking default remedies (Jacobi & Weiss, 2013). The decision should encompass allowance for immediate performance or present a future payment value from court proceedings (Jacobi & Weiss, 2013).

Performance rating implications

Positive performance ratings and contractor performance systems are critical for continued opportunities for entrepreneurs, as contracting officers seek experienced and qualified business partners to achieve its objectives (Bradshaw & Chang, 2013). Creating performance measures has positive implications on the federal decision makers' capacity to manage contracts successfully (Amirkhanyan, 2011). These factors make positive performance an imperative goal for government contractors because a requirement for increased accountability becomes created by performance measurement (Amirkhanyan, 2011). Multiple findings have shown that the government reporting system and processes for analyzing and reporting performance lack the capacity to provide effective results (Amirkhanyan, 2011; Bradshaw & Chang, 2013). Regardless of accuracy, the information helps government officials determine whether a contractor receives future work (Bradshaw & Chang, 2013). Notwithstanding the deficiency in performance reporting, performance reporting is public information once published. The records become public and are viewable by any interested party. Therefore, a negative impact on poor performance ratings may extend beyond the lost revenue from government contracting opportunities. As discussed previously, procurement officials consider past performance reviews in source selection processes.

Adversarial relationships

Building coalitions with the principal company facilitate positive attributes to success and align with the principal-agent theory theoretical framework. Sustainability in procurement supply chain processes includes creating value for multiple stakeholders and the principal (Latham, 2014). Communication and organizational structure predominantly influenced mutual relationships that relied heavily on perception (Grudinschi, Sintonen, & Hallikas, 2014). Collaboration and partnerships are essential to public service

procurement (Grudinski et al., 2014). Both variables substantiated and extended the research conducted by Plane and Green (2012), who concluded that value for both buyers and suppliers emerges when maintaining a successful collaborative relationship.

While literature exists that helps emphasize the connection between the government and contractors exists, adverse relationship implications are unclear and undefined. Contradictory procurement approaches have not necessarily precluded collaborative relationship maturation (Plane & Green, 2012). Striving to create such a relationship may prove more valuable to both parties.

Contractual ramifications

Since 2012, suspension or debarment actions in US acquisitions have nearly doubled (Lasky, 2013). The ramifications for poor performance become critical and possibly detrimental to business leaders. Potential contract consequences include suspension or debarment, which are serious matters to small firms. Creating and implementing comprehensive values-based ethics and compliance program as recommended is the best way for government contractors to avoid suspensions and debarment (Lasky, 2013). Other statutory powers available to the government for implementation against underperforming contractors include terminations. Terminations for convenience under a traditional fixed-price contract allow the government to breach contract terms legally when it benefits the government (Korman, 2014). The legal breach subsequently entitles the contractor to recover certain costs (Korman, 2014). However, terminations for default become available for enforcement when a contractor defaults on a contractual agreement between the parties. In terminations for default, the contractor becomes liable for assessed claims for replacement products, price increases, and administrative costs (GAO, 1994). Small firm performance has been weaker throughout the recent economic recovery than during any other recovery since 1973 (Chow & Dunkelberg, 2011). The financial repercussions to terminations usually mean the difference between small business growth or death.

DISCUSSION

Themes revealed included leadership's role in (a) building collaborative working relationships, (b) aligning goals with the principal (government) to create value for both parties, and (c) implementing actions to create long-term value and growth. The content within the themes selected included recent study reviews to address each critical research elements.

Sustainability Defined and Applied to Government Contracting

With the paucity of research on strategies for sustainability in government contracts, the articles selected, taken mutually offered theories and concepts to get closer to a single definition of sustainability in government contracting. Sustainability in government contracting is reflective of initiatives included avoiding cost overruns through contract management through contractor performance leading to reduced costs and value creation for multiple stakeholders and the principal (Giunipero et al., 2012; Latham, 2014). What was uncovered may be revered as concepts of how to further the discussion on sustainability in government contracting. Through the lens of principal-agent theory to government contractors achieve sustainability through manage risks, align incentives, and forge relationships (Fayezi, O'Loughlin, & Zutshi, 2012) to enhance

financial performance improve economic benefits, enhancing relevant organizational aspects and ultimately creating value for multiple stakeholders and the principal (Latham, 2014; Lee & Pati, 2012).

Concepts of Sustainability, Government Contracting, and Contractor Performance

Practitioners may strive for this value creation through trade-offs existing between different aspects contained within the contracting relationship effectiveness and its impact on improving government's performance (Awortwi, 2012) thereby creating long-term successful performance. Elements identified fall within the categories of social, political, economic, ethical practices, and customer concern sustainability related requirements. The goal for government contractors becomes the ability to exhibit social, political, economic, ethical practices, and customer concern within the contexts of aligning goals, managing risks and forging relationships to build effective relationships. The formula may increase value to the government and sustainability in terms of contractor longevity through superior contractor performance.

Limitations and Recommendations for Further Research

The fact that service delivery among local United States governments may differ (Witesman & Fernandez, 2013) creates a limitation that findings may constrain generalizability. Government contracting is a vast field; therefore, results as applied to one industry may not be generalizable to all sectors. Available information may not include insight into applicability among the varying contract types that exist. Finally, limited information on variables critical to the study created limitations for a thorough qualitative discussion pertaining to current literature. A larger scale exploratory study of the specific contract types and sustainable practices that facilitate success may further assist business leaders that perform within specific industries. Sustainability implies long-term practices and measurements of performance. The current study omits consideration for any period for success measurement. Exploring actual successful practices over a significant period, a case study may capture a long-term perspective of the impact of sustainability on long-term strategic planning organizations. The foundation of the research arose from the gap in literature in the budding field of government contracts particularly sustainability in government contracts. Future research examining actual variables through a qualitative or mixed method correlation study identify then measuring sustainability factors and contract performance may address this limitation.

CONCLUSIONS

Government contracting positions as a significant contributor to achieving sustainable development and continues to gain positive initiatives towards this development in other countries (Melissen, & Reinders, 2012). History contributes to sustainable change by creating mechanisms for feedback available to employ variations of future organizational practices (Prywes, 2011). The information provided through this research provides practitioners with a view of successful practices to employ in future attempts. First, leaders and managers should recognize available sustainable practices and distinguish how they differ from their current behaviors. Second, leaders and managers should assess the advantages and disadvantages of incorporating resources into daily business functions. Lastly, leaders and managers should develop a strategic plan for implementing any contemplated changes that includes training and education for

successful practical application. Literature on sustainability in government contracts, evaluated individually did not offer a clear solution to the central research question. However, when assessing correlated theories collectively a framework to extend the research through further inquiry emerges. Sustainability in the US government-contracting arena largely remains unclearly defined when discussing roles, definitions, and performance measurements. This study offers viable evidence to leaders and managers who serve as strategic decision makers within their organizations.

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