For over a decade now, organizations have had to respond to ever increasing pressures from their environment: market globalization, greater consumer demands, rapidly changing technologies, and so on. In order to survive and to thrive in such an environment, firms have to change the way they do business. Change initiatives such as restructuring, downsizing, and reengineering have taken place in most large and medium organizations. Outsourcing is often seen as one way of these change initiatives, in that it is a means by which firms can decrease their costs, benefit from their outsourcer's economies of scale, increase their flexibility, gain access to specialized resources, and concentrate on their core competencies. A large number of firms have adopted outsourcing. For instance, while IBM was reducing its task force from 100 000 to 60 000 people between 1989 to 1994, the number of vendors with which they were doing business increased from 1 000 to 20 000 during the same period [6].

In the past few years, several firms have outsourced their Information Systems (IS) services. The following examples give an indication of the size and the complexity of these contracts. DuPont signed what was labeled a $4B “creative sourcing alternative” [2], while British Petroleum concluded a complex outsourcing arrangement with three suppliers [4]. GM surpassed them all by signing a 10-year contract with EDS valued at $38 billion [5].

Research on IS outsourcing is, as the phenomenon itself, still recent. Yet, we can already notice changes in the research issues. The earlier studies on IS outsourcing often focused on the decision process regarding
outsourcing, on the criteria that were taken into account in making an outsourcing decision. At the time, the research questions were: What factors motivate firms to outsource their IS services? On which criteria do they base their decision? What is the extent of IS outsourcing in organizations? How do firms manage their outsourcing contracts?, and so on.

Recently, researchers have become more concerned by the problems related to IS outsourcing. This change of focus might be partly motivated by the fact several firms have been disappointed by their outsourcing experience. For instance, a large insurance firm which had outsourced all its IS services—i.e. application development and IS operations—had to denounce its contract, and repatriate all these activities [1]. A recent survey conducted by Deloitte Touche with more than 400 CIOs suggests that firms are rather dissatisfied with their outsourcing experience [3].

The six papers which are part of the minitrack reflect this type of concerns. For instance, two of them discuss the risks inherent in an outsourcing decision. In the paper entitled Beyond Opportunism: A Resource Based View of Outsourcing Risk, Nancy B. Duncan uses the resource-based view of competitive strategy to propose variables that affect outsourcing hazards even when opportunism can be ruled out. Outsourcing risks are also discussed in the paper by Aubert, Patry and Rivard, whose paper, entitled Assessing the Risk of IT Outsourcing, propose the foundations for a measure of risk of outsourcing on the basis of transaction cost and agency theory. Soon Ang and Sandra Slaughter examined the consequences of employment outsourcing. In their paper entitled The Effects of IS Employment Outsourcing: Multiple Informants' Perspectives, they found that there are negative consequences of employment outsourcing. For instance, supervisors reported that outsourced subordinates are less trustworthy and have lower performance that their outsourced counterparts.

Cynthia Beath and Gordon Walker address the issue of outsourcing application software. In their paper entitled Outsourcing of Application Software: A Knowledge Management Perspective, they argue that outsourcing of application software is easiest when the objective is to obtain knowledge codified in artifacts such as packaged programs and their documentation.
Finally, two papers present special outsourcing arrangements. Marcolin and McLellan‘ paper, Effective IT Outsourcing Arrangements, reports on how six U.S. banks have adopted and implemented complex IT outsourcing arrangements. The paper illustrates the differences between buyer/seller arrangements and strategic partnerships. While the other five papers discuss situations where firms have outsourced IS services, or are upon deciding on outsourcing, Hirschheim and Lacity’s paper, entitled Reducing Information Systems Costs Through Insourcing : Experiences from the Field, present 14 cases where companies have rather decided to insource. The paper discusses the issue of insourcing success, based on fourteen in-depth case studies.

References


