A TAXONOMY OF REFEREED OUTSOURCING LITERATURE

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Working Paper 22/05
May 2005

Abstract

This paper examines 286 refereed papers on outsourcing published between 1986 and 2003. Trends in outsourcing are reflected in the increasing number of papers published and changes in the aspects of outsourcing discussed. The papers are classified in a way that suggests that some aspects of outsourcing may have been overlooked by scholars.

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Outsourcing is defined as “Having work that was formerly done inside the organization performed by an external organization” (Beaumont & Sohal, 2004) (see below for further definitions and variants of outsourcing). Lonsdale & Cox (2000, p 445-9) summarize the history of outsourcing, noting that it has supplanted once fashionable enthusiasms for conglomeration, horizontal integration, and vertical integration. Coase and Williamson (1937) asked why, given that the market allocates resources efficiently, do firms\(^1\) exist? There are several answers: Some assets (such as a large oil refinery) are immobile, have high fixed costs and low variable costs, have a narrow range of applications, and have few or no potential buyers or sellers. Such assets are inoperable without a cluster of peripheral assets and high levels of skill and knowledge in the firm and its suppliers. There is no perfect market for such assets; investment in them is only practical in a planned environment that provides a guaranteed market for a high volume of very specific outputs and guaranteed supply of specific components.

A related question is why firms choose to outsource some activities and retain others? There is a variety of answers (see Table 1 and Table 2) but fundamentally outsourcing can be viewed as a compromise between vertical integration (associated with cumbersome hierarchies and bureaucratic procedures) and reliance on market mechanisms. The latter entails costs (such as identifying appropriate vendors and verifying their competence, communicating changing requirements to them, providing feedback and monitoring their performances) and risks (of vendors failing or bring unable to meet specifications).

### Table 1: Reasons for Adopting Outsourcing

<table>
<thead>
<tr>
<th>Reason</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce processing costs</td>
<td>By accessing economies of scale or expertise</td>
</tr>
<tr>
<td>Focus</td>
<td>Outsource non-core activities and concentrate on areas of competence. Quinn and Hilmer (1994a) note that identifying core activities may not be straightforward.</td>
</tr>
<tr>
<td>Access expertise</td>
<td>Especially in building new systems.</td>
</tr>
<tr>
<td>Avoid cultural differences</td>
<td>The IT department has anomalous working conditions.</td>
</tr>
<tr>
<td>Financial and cost structures</td>
<td>Change from fixed to variable cost, sell assets or manipulate accounts.</td>
</tr>
<tr>
<td>Benchmark internal operations</td>
<td>Possibly resulting in the elimination of an IT department that is hard to manage and/or unproductive.</td>
</tr>
<tr>
<td>Quality</td>
<td>Improve the HR services provided</td>
</tr>
<tr>
<td>Resources</td>
<td>To meet uneven demand and/or access resources not available internally.</td>
</tr>
<tr>
<td>Risk avoidance</td>
<td>Avoid financial uncertainty through a fixed cost per transaction. Avoid the risks inherent in managing a project.</td>
</tr>
<tr>
<td>Ideological</td>
<td>The current Australian government has an ideological commitment to outsourcing, opining that the private sector is intrinsically more efficient than the public sector.</td>
</tr>
</tbody>
</table>

\(^1\) For brevity, the term firm encompasses all organizations: profit and non-profit.
Table 2: Reasons for Not Adopting Outsourcing

<table>
<thead>
<tr>
<th>Reason</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependence</td>
<td>Becoming dependent on the vendor.</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>Keep confidential data in-house.</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>Do not give other parties access.</td>
</tr>
<tr>
<td>Loss of distinctive competencies</td>
<td>Outsourcing may atrophy in-house skills.</td>
</tr>
<tr>
<td>Loss of flexibility</td>
<td>A three-year outsourcing contract may reduce the ability to adjust to</td>
</tr>
<tr>
<td></td>
<td>changes in the environment or exploit new technology.</td>
</tr>
<tr>
<td>Personnel and change problems</td>
<td>Staff made redundant by outsourcing may have to be dismissed or</td>
</tr>
<tr>
<td></td>
<td>redeployed.</td>
</tr>
<tr>
<td>Information asymmetry</td>
<td>Hard for the client to determine whether the prices paid are reasonable.</td>
</tr>
<tr>
<td>Project risk</td>
<td>Poor methodology, negotiation, and monitoring.</td>
</tr>
<tr>
<td>Vendor incompetence</td>
<td></td>
</tr>
</tbody>
</table>

Deciding whether to outsource depends on comparisons of the long-term costs and risks of different modes of supply. A long-term outsourcing relationship with a trusted vendor may be preferable to securing supply by backward integration or developing an in-house capacity. An organization will always outsource some activities (the supply of water and electricity) but insource others such as employee assessment.

Outsourcing, especially of Information Processing (IP) functions, has been facilitated by Web Based Technologies (WBTs) that eliminate temporal and geographic constraints. WBTs make it easy, quick, and cheap to transfer internal data (e.g. payroll data or delivery instructions) to a vendor. The vendor can analyse data and instantly transmit results to the client, employees’ banks, and the tax office, eliminating time delay problems. Physical locations of the vendor and client are irrelevant for IP tasks; some kinds of outsourcing can be performed in low wage countries and/or a centralized facility that provides economies of scale. This is exemplified by the Asian call centre and the payroll specialist whose volume (derived from many clients) allows exploitation of a high fixed-cost, low variable-cost technology and expensive expertise. The technology provides more up-to-date, accurate and complete information to participants implying less imperfect markets.

These fundamental considerations are manifest in many different motivations for outsourcing. A small organisation might outsource a payroll application primarily to reduce costs by accessing economies of scale, but IT outsourcing decisions can be complex because IT applications tend to be integrated with each other and permeate the firm, touching most activities performed. The criteria used to evaluate outsourcing decisions may be multidimensional and intangible; besides cost savings (that may be hard to ascertain) the firm must consider possible effects on customer service and its own staff; the potential advantages of access to expertise; whether it might become uncomfortably dependent on the service provider (Kern & Willcocks, 2000b), or hamper adoption to a changing environment.

DEFINITIONS

Taxonomy has been defined as the science (and art) of the classification of organisms. This paper extends the definition to classifying concepts and papers pertaining to outsourcing.

Outsourcing has been defined as: (1) "A contract where staff and/or assets are transferred from the user to the IT supplier. It can cover everything from data centre operation to applications
management and even IT training.” (Tyler, 1997) (2) The “act of transferring some of a company’s recurring internal activities and decision rights to outside providers as set forth in a contract” (Greaver, 1999, p 3). Outsourcing Information Technology (IT) has been defined as passing IT functions previously performed in-house to outside contractors (Gupta & Gupta, 1992b; Hancox & Hackney, 2000b; Wilcocks, Fitzgerald & Fenny, 1995). In this paper, vendor means the person or organisation supplying the outsourced services, the client is the recipient of those services.

Outsourcing is normally (and illogically) understood to pertain only to the supply of services. It is conventionally understood to exclude “one-off” tasks or projects but the development of an information system by a vendor is usually described as an example of outsourcing.

Outsourcing has spawned variants including:

Out-tasking: The vendor simply provides resources (computer time or labour) and does work precisely defined by and managed by the client (Strassmann, 1997).

Insourcing: Formalisation of the supply relationship between two departments of the same organisation.

Backsourcing or repatriation: Taking work that had been outsourced back in-house.

Co-sourcing: Used instead of outsourcing to emphasise that the outsourcing arrangement is based on cooperation (or “partnering”) between the parties.

Strategic outsourcing: Outsourcing considered in strategic context (Quinn & Hilmer, 1994a). An arrangement attractive on purely cost grounds might be rejected because it reduced the client’s ability to react to a changing environment or entailed unhealthy dependence on the vendor.

Offshoring: Having work done in a foreign country, usually to exploit lower labour costs.

Business Process Outsourcing (BPO), is the delegation of a business processes to an external provider who owns, executes and manages the selected process and whose performance is based upon quantifiable metrics. The emphasis is on taking responsibility for a whole business process, not just its IT aspects.

SIGNIFICANCE OF OUTSOURCING

Outsourcing is a now fashionable managerial tool. There are grounds for supposing that it has more substance than other managerial fads such as empowerment, BPR and TQM (Shapiro (1995) is salutary). Many writers have proposed research frameworks (Hancox & Hackney, 2000b), criteria (Mamaghani, 2000b; Smith & Rupp, 2003) and schemes for analyzing or assessing the impact of outsourcing on firms (Bazinet, Kahn & Smith, 1998). Earl properly stresses the importance of considering intangible and tangible criteria in major business decisions.

Some commonly cited reasons for using outsourcing are given in Table 1. Reasons for not using outsourcing are summarised in Table 2; Barthelemy (2001a) and Barthelemy & Adsit (2003b) give more details. Further references to the pros and cons of outsourcing are given in (Beaumont & Costa, 2002; Beaumont & Sohal, 2004). The most common cause of outsourcing project failure is project risk. Problems arise when potential users of outsourcing do not carefully define their requirements, do not properly prepare for negotiations with potential vendors, or do not put enough effort into monitoring the outsourcing arrangement.
Growth of Outsourcing

The growth of outsourcing is difficult to estimate; clients have no interest in providing accurate data, there are definitional difficulties (The IT department becomes a wholly owned subsidiary and a new system of transfer pricing is imposed: is this really outsourcing?), and there seem to be few publicly available authoritative sources (some consultants have reports available only at high prices). There is a suggestion that “offshoring” is growing faster than domestic outsourcing. The following information suggests that global outsourcing is growing at about 10-20% pa, but he growth rates may be volatile and differ amongst sectors and regions.

"Worldwide spending on Business Process Outsourcing (BPO) services totaled approximately $405 billion in 2003, a growth of about 8% over 2002. According to a new report from IDC, this market (comprising 9 business functions of human resources, procurement, finance & accounting, customer care, logistics, engineering/R&D, sales & marketing, facilities operations & management, and training) will increase to $682.5 billion in 2008, with a compound annual growth rate (CAGR) of 11%.” (http://www.in-sourced.com/article/articleprint/1705/-1/1/ accessed 11 May 2004).

"Offshore outsourcing is just one small part of a $US5 trillion global outsourcing market. This market is growing by more than 15% pa, and the offshore component is certainly among the fastest growing. We are at the earliest stages of a fundamental transformation from regional economies to a single, integrated global economy. Just as companies now compete globally, workers need to realize that they, too, are competing globally.” (www.ecommercetimes.com/perl/story/32114.html, accessed 11 May 2004).

Table 3 and Table 4 give Gartner and IDC’s estimates and forecasts of the global Business Process Outsourcing (BPO) market (www.it-careernet.com/itc/OS/globalmarket.htm accessed 11 May 2004).

Table 3: Forecast growth of offshoring

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total Business Process Outsourcing Market</td>
<td>127</td>
<td>234</td>
<td>310</td>
</tr>
<tr>
<td>Percentage Offshored to Countries</td>
<td>5%</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>Offshored BPO Market</td>
<td>6.4</td>
<td>35.1</td>
<td>62.0</td>
</tr>
<tr>
<td>India ITES Exports</td>
<td>1.5</td>
<td>9.5</td>
<td>21</td>
</tr>
</tbody>
</table>

Table 4: Predicted Growth in the Global BPO Market

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gartner</td>
<td>91</td>
<td>157 181</td>
<td>14.7</td>
<td>Excludes logistics and manufacturing outsourcing.</td>
</tr>
<tr>
<td>IDC</td>
<td>109</td>
<td>177 202</td>
<td>13.1</td>
<td>Includes transaction processing.</td>
</tr>
</tbody>
</table>

METHODOLOGY

Four bibliographic databases: Business Source Premier, ABI-Inform Global, ACM Digital Library and IEEE Explore were searched for refereed articles on outsourcing. All other kinds of
documents: dissertations, unpublished papers, book reviews, conference transcripts, and reports by governments, consultants and others were ignored.

We identified all articles that had the word root "outsourc" in the title or a keyword; the counts are given in column 2 of Table 5. Column 3 gives the number of articles that were used in the analysis. Articles were ignored if: They appeared in journals that were not classified by Ulrich (http://www.ulrichsweb.com/ulrichsweb) as refereed; they dealt only peripherally with outsourcing; they appeared in ostensibly peer reviewed journals identified with professions or industries and had trivial research content; or they were not research papers but e.g. book reviews or editorials. When duplicates were eliminated, a total of 289 refereed articles on outsourcing remained.

Table 5: Counts of articles found in bibliographic databases

<table>
<thead>
<tr>
<th>Source</th>
<th>Number of articles retrieved on searching for “outsourc” in title or keyword</th>
<th>No of articles that were used</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABI-Inform</td>
<td>1024</td>
<td>59</td>
</tr>
<tr>
<td>Business Source Premier</td>
<td>1205</td>
<td>289</td>
</tr>
<tr>
<td>ACM Digital Library</td>
<td>200</td>
<td>21</td>
</tr>
<tr>
<td>IEEE</td>
<td>51</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>2480</td>
<td>289 after duplicates accounted for</td>
</tr>
</tbody>
</table>

CLASSIFICATION

Table 9 gives a scheme that we used to classify papers on outsourcing. The major headings are: Processes Outsourced; Studies Pertaining to an Industry; Managing Outsourcing; Theoretical Work; Impact of Outsourcing; and Miscellaneous. Papers were included in more than one category when they made a substantial contribution to each thus (Baldwin, Irani & Love, 2001), set in the banking industry, illuminates motivations for outsourcing and is listed under Banking and Frameworks. The classification of theoretical articles is coarse. It is difficult to subdivide the topic “Frameworks” because subtopics such as evaluation, decision-making, and evaluation will commonly occur in one theoretical article.

As expected, Information Technology is the application most commonly outsourced and that broad topic was subdivided. In particular, outsourcing the construction of new systems separated from running established systems. We note a trend to outsource Human Resource Management and training processes.

Amongst the papers that emphasised particular industries’ use of outsourcing were several describing governmental outsourcing. Outsourcing governmental activities has, with corporatisation and privatisation, become fashionable, at least in Australia. The results have been mixed.

Managing outsourcing is a complex topic difficult to separate from some theoretical topics. The concept of the outsourcing cycle can be used to unify and give perspective to myriad topics. It comprises the following stages:
• Identify a need: i.e. a process that might be advantageously outsourced
• Define objectives
• Choose a vendor
• Negotiate a Service Level Agreement (SLA)
• Implement the agreement, i.e. transfer the process to the vendor
• Monitor vendor performance
• Incrementally modify the agreement
• Renew/cancel the arrangement
• Go back to start

An issue of current interest is the nature of the relationship between the vendor and client: should it be an arms-length, black letter, legal arrangement or should it be a “partnership” based on trust?

Theoretical work is difficult to finely subdivide because most articles cover several closely related topics such as outsourcing’s strategic effects, analysis of costs and benefits and analytical models.

Outsourcing can have myriad impacts on people (especially those displaced by outsourcing) and organisations. We note that few papers follow up instances of outsourcing and determine whether the tangible and intangible savings anticipated are actually achieved. We included here papers whose main thrust was globalisation or offshoring, an emerging topic.

Under Miscellaneous we included some papers whose primary virtue was a well conducted case study or survey.

FINDINGS

The 286 refereed articles on outsourcing analysed are distributed over a large number of journals (see Table 6). Outsourcing articles pertaining to a discipline tend to be published in the discipline’s own journals and the counts reflect that IT is the activity most often outsourced. There is no academic journal devoted to outsourcing although there are commercial magazines such as Corporate Outsourcing published in Australia and commercial web based journals exemplified by Everest Group’s Outsourcing Journal and Michael F. Corbett & Associate’s Outsourcing Insights. There is perhaps a case for an academic journal devoted to outsourcing. A few well known authors have authored or co-authored more than 6 articles on outsourcing between 1986 and 2003 (Table 7). Table 8 demonstrates the increasing academic interest in outsourcing, there was a sudden increase in articles appearing in 1994, and a steady increase (5% pa) since.
Table 6: Journals with more than 3 articles on outsourcing

<table>
<thead>
<tr>
<th>Journal Title</th>
<th># of Papers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Systems Management</td>
<td>18</td>
</tr>
<tr>
<td>Journal of Information Technology</td>
<td>17</td>
</tr>
<tr>
<td>MIT Sloan Management Review</td>
<td>12</td>
</tr>
<tr>
<td>European Management Journal</td>
<td>8</td>
</tr>
<tr>
<td>Journal of Management Information Systems</td>
<td>7</td>
</tr>
<tr>
<td>European Journal of Information Systems</td>
<td>6</td>
</tr>
<tr>
<td>Harvard Business Review</td>
<td>6</td>
</tr>
<tr>
<td>International Journal of Information Management</td>
<td>6</td>
</tr>
<tr>
<td>International Journal of Technology Management</td>
<td>6</td>
</tr>
<tr>
<td>Long Range Planning</td>
<td>6</td>
</tr>
<tr>
<td>Engineering Management Journal</td>
<td>5</td>
</tr>
<tr>
<td>Journal of Systems Management</td>
<td>5</td>
</tr>
<tr>
<td>Management Decision</td>
<td>5</td>
</tr>
<tr>
<td>Production &amp; Inventory Management Journal</td>
<td>5</td>
</tr>
<tr>
<td>Academy of Management Executive</td>
<td>4</td>
</tr>
<tr>
<td>Communications of the ACM</td>
<td>4</td>
</tr>
<tr>
<td>Human Resources Management Journal</td>
<td>4</td>
</tr>
<tr>
<td>Information &amp; Management</td>
<td>4</td>
</tr>
<tr>
<td>Information Systems Journal</td>
<td>4</td>
</tr>
<tr>
<td>International Journal of Physical Distribution &amp; Logistics Management</td>
<td>4</td>
</tr>
<tr>
<td>Journal of Global Information Management</td>
<td>4</td>
</tr>
<tr>
<td>Journal of Supply Chain Management</td>
<td>4</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 7: Number of articles authored or co-authored

<table>
<thead>
<tr>
<th>Author</th>
<th>Number of articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currie WL</td>
<td>8</td>
</tr>
<tr>
<td>Lacity</td>
<td>15</td>
</tr>
<tr>
<td>Willcocks</td>
<td>15</td>
</tr>
<tr>
<td>Hirscheim</td>
<td>6</td>
</tr>
</tbody>
</table>
Table 8: Number of refereed articles by year

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Papers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>1</td>
</tr>
<tr>
<td>1987</td>
<td>0</td>
</tr>
<tr>
<td>1988</td>
<td>0</td>
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<td>1989</td>
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<td>1991</td>
<td>1</td>
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<td>1992</td>
<td>7</td>
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<td>1993</td>
<td>8</td>
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<td>1994</td>
<td>22</td>
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<td>1995</td>
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<td>1996</td>
<td>21</td>
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<td>1997</td>
<td>28</td>
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<td>23</td>
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<td>1999</td>
<td>22</td>
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<td>2000</td>
<td>29</td>
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<tr>
<td>2001</td>
<td>28</td>
</tr>
<tr>
<td>2002</td>
<td>32</td>
</tr>
<tr>
<td>2003</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>286</td>
</tr>
</tbody>
</table>

Table 9: A classification of outsourcing literature

1. Applications
   1.1 Finance/Insurance (5) (Barrar, Wood & Jones, 2002; Jennings, 1996; Prager, 1994; Takac, 1994; Willcocks & Lacity, 1999)
   1.2 Logistics (5) (Fernie, 1999; Knemeyer, Corsi & Murphy, 2003; Laios & Moschuris, 1999; Rabinovich, Windle, Dresner & Corsi, 1999; Richmond, Seidmann & Whinston, 1992),
   1.3 Human Resource Management (9) (Allerton, 1996; Cant & Jeynes, 1998; Drucker, 2002; Kessler & Coyle-Shapiro, 1999; Klaas, Clendon & Gainey, 1999; Klaas, McClendon & Gainey, 2001; Salopec, 1998; Siegel, 2000; Slaughter & Ang, 1996)
1.4.1 Building Systems
(15)

1.4.2 Running Systems (15)

1.4.3 Networks and Telecommunications (7)
(Arnett & Jones, 1994; Ashmore, 1995; Choudhury & Nam, 1995; McIvor, 2000; Sherwood, 1997; Takac, 1994)

1.4.4 Accountancy (1)
(Antonucci & Lordi, 1998)

1.4.5 Application Service Providers (2)
(Ekanayaka, Currie & Seltsikas, 2002; Smith & Rupp, 2003)

1.5 Training (6)
(Adelsberg & Trolley, 1998; Allerton, 1996; DeRose & McLaughlin, 1995; Gainey & W. Klaas, 2003; Lafferty & Roan, 2000; Salopek, 1998)

1.6 Other (5)
(Buck-Lew, 1992; Incognito, 2002; McFarlan, 1997; McLellan & Beamish, 1994; Quinn, 2000),

2. Industries

2.1 Banking (5)
(Alexander & Young, 1996; Ang & Cummings, 1997; Baldwin, Irani et al., 2001; Huber, 1993; Takac, 1994)

2.2 Engineering and Maintenance (4)
(Campbell, 1995; Levery, 1998; 2002; Rothstein, 1998)

2.3 Government (20)

2.4 Education (2)
(Allen, Kern & Mattison, 2002; Lafferty & Roan, 2000),

2.5 Health Care and Pharmaceutical (7)
(Bista, Yen, Hwang & Lin, 2002; de Leeuw, de Wolf & Bosch, 2003; Peisch, Alvares, Kovner, Comerford, Puryear, Hovey, Chapman & Pisano, 1995; Perry & Devinney, 1997; Piachaud, 2002; Silva, 2002; Wholey, Padman et al., 2001)
1.1 Automotive (2) (Caputo & Zirpoli, 2002; Zirpoli & Caputo, 2002)

1.2 Manufacturing (7) (Brochner, Adolfsson & Johansson, 2002; Dekkers, 2000; Ehie, 2001; Fulcher, 1998; Kim, 2003; Quelin & Duhamel, 2003; Sislian & Satir, 2000)

1.3 Real Estate (3) (Glagola, 2001; Lyons, 2001; Manning & Rodriguez, 1997)

1.4 Libraries (4) (Agada, 1996; 1997; Oder, 1997; Pryor, 1995)

1.5 Other (6) (Blumberg, 1998; Logan, 2000; Mikkola, 2003; Paraskevas & Buhalis, 2002; Rothstein, 1998)

3. Managing Outsourcing


3.2 Selecting vendors (16) (Barthelemy, 2001b; Choy, Lee & Lo, 2003; Cross, 1995; Currie, 1998; DeRose & McLaughlin, 1995; Gerston, 1997; Grupe, 1997; Jones, 1994; Judenberg, 1994; Kannan & Tan, 2003; Mamaghani, 2000a; Michell & Fitzgerald, 1997; Nam, Chaudhury & Rao, 1995; Perry & Devinney, 1997; Qu & Brocklehurst, 2003; Schneier, 2002)

3.3 Negotiation, legal issues and contracts, control of outsourcing activities (44) (Barthelemy, 2001b; Behara & Gundersen, 1995; Chaudhury & Nam, 1995; Chaudhury & Sabherwal, 2003; Dombarger, Fernandez et al., 2000; Due, 1992; Earl, 1991; Fenn, Shooter & Allan, 2002; Fernie, 1999; Ferris & Graddy, 1986; Graham & Scarborough, 1997; Harris, Giunipero et al., 1998; Judenberg, 1994; Juma'h & H. Wood, 2003; Kern & Willcocks, 2000a; Kim, 2003; Kliem, 1999; Lacity & Hirschheim, 1993; Lacity & Willcocks, 1996; 1998; Lacity, Willcocks et al., 1995; Langfield-Smith & Smith, 2003; Lee, 1996; Leiblein, Reuer & Dalsace, 2002; Levery, 2002; Logan, 2000; Mullin, 1996; Prager, 1994; Richmond & Seidmann, 1993; Richmond, Seidmann et al., 1992; Rimmer, 1998; Saunders & Gebelt, 1997; Smith, Mitra et al., 1998; Steven & R, 1996; Tanenbaum, 2003; Thornton, 1997; Turner, Smith et al., 2002; Useem & Harder, 2000; Vining & Globerman, 1999; Willcocks, Lacity et al., 1995; Willcocks & Currie, 1997; Willcocks & Kern, 1998; Willcocks & Lacity, 1995; Zhu, Hsu & Lillie, 2001)


3.5 Security (4) (Fenn, Shooter et al., 2002; Salenger, 1997; Schneier, 2002; Sherwood, 1997)
4. Theoretical Work

4.1 Frameworks: Models, Decision Making, Determinants, Evaluation, Process & Stages (90)


4.2 Costs, Benefits and Risks of outsourcing: Pros and cons of outsourcing (90)
4.2.1 Emphasis on Costs and Risks (8)  
(Barthelemy, 2001b; Barthelemy & Adsit, 2003a; Due, 1992; Earl, 1996a; Fenn, Shooter et al., 2002; Kliem, 1999; Lacity & Hirschheim, 1994; Zsidisin, 2003)

4.3 Service Level Agreements and measuring user satisfaction (2)  
(Judenberg, 1994; Sengupta & Zviran, 1997)

4.4 Different kinds of outsourcing: insourcing, back sourcing, outtasking. Internal and external outsourcing (11)  
(Currie & Willcocks, 1998; De Looff, 1995; Fernie, 1999; Gerston, 1997; Grupe, 1997; Gupta & Zhender, 1994; Jennings, 1996; Karlsberg, Damsgaard et al., 2003; Maltz & Sautter, 1995; Willcocks & Lacity, 1995)

4.5 Strategic and competitive effects (43)  

5. Impacts

5.1 General (8)  
(Agada, 1996; Behara & Gundersen, 1995; D’Costa, 2002; Kessler & Coyle-Shapiro, 1999; Perry & Devinney, 1997; Rothstein, 1998; Teng, Cheon et al., 1995; Wilson & Zhang, 2002)

5.2 People (17)  
(Allen, Kern et al., 2002; Allerton, 1996; Anderton & Brenton, 1999; Chalos & Sung, 1998; Corbett, 1994; Drucker, 2002; Elmuti & Kathawala, 2000; Feenstra & Hanson, 1996; Glass & Saggi, 2001; Ho, Ang et al., 2003; Kessler & Coyle-Shapiro, 1999; Khosrowpour & Subramanian, 1996; Lafferty & Roan, 2000; Laribee & Michaels-Barr, 1994; Rothstein, 1998; Slaughter & Ang, 1996; Tayntor, 2001)

5.3 Performance (tangible and intangible measures) (9)  
(Altinkemer, A. et al., 1994; Arnett & Jones, 1994; Barrar, Wood et al., 2002; Benson & Ieronimo, 1996; Dekkers, 2000; Gilley & Rasheed, 2000; Gupta & Zhender, 1994; Kannan & Tan, 2003; Lau & Hurley, 1997)

5.4 Change (4)  
(Bartell, 1998; Feenstra & Hanson, 1996; Kern & Willcocks, 2002; Linder, Cole et al., 2002),

5.5 Globalization (9)  
(Alguire, Frear et al., 1994; Currie & Seltsikas, 2001; Heeks, Krishna et
CONCLUSION AND RECOMMENDATIONS FOR FURTHER RESEARCH

Outsourcing is an increasingly popular way of solving real or imagined organizational problems and of increasing organization efficiency and/or focus. Although outsourcing seems to have a sounder conceptual basis than enthusiasms such as Total Quality Management, Business Process Redesign, and Empowerment and there is plenty of anecdotal evidence of its usefulness; peer reviewed research evidencing its advantages and the conditions under which it is most likely to be advantageous is relatively scarce. However, its advantages may be inferred from the relatively well verified growth in the outsourcing industry and the enthusiasm of industry participants.

Further Research

Outsourcing is a valuable business technique that is a kind of compromise between a complex and bureaucratic command economy and an unpredictable free market. It is not new (few organizations supply their own water, electricity or telecommunications). Web based technologies greatly reduce the transaction and communications costs of outsourcing, enabling vendors to exploit expertise and economies of scale to compete with internal providers. Offshoring allows access to low cost labour. Further research with the ultimate goal of ascertaining all relevant tangible and intangible costs of internal and external processing is appropriate.

Personal communication with clients suggests that the cost and difficulty of negotiating and implementing outsourcing arrangements has been underestimated and neglected by researchers. Typically, the euphoria experienced when protracted negotiation climaxes in the contract being signed, changes to despair when different interpretations and motivations emerge (the motivated people involved in negotiations disappear and their replacements are ignorant of the background to the contract). This phase of the outsourcing cycle and the nature of the client/vendor relationship (legalistic or co-operative) merit more research.

Part of the “savings” clients experience may be attributable to their employees working unpaid overtime during to transfer of business processes to the vendor. Some of the costs, such as the time executives spend in meetings and disruption experienced by customers may not be recorded.

It would be possible to repeat this exercise for books and reports. There is an increasing flow of articles on outsourcing that are spread over many journals. Given the importance of the topic, it might be appropriate to launch an academic journal specializing in outsourcing.
REFERENCES


