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ABSTRACT

In recent years, contracts worth hundreds of millions of dollars have been written by major corporations to outsource portions of their information systems function. Some of these will evolve into closely knit and inter-coordinated relationships. Others will probably dissolve in acrimony.

This research proposes a model of the evolution of IS outsourcing relationships. It is based on models from the marketing literature (Anderson and Narus 1990; Dwyer, Schurr and Oh 1987). These models incorporate aspects of expectations, relative returns, trust, cooperation, conflict, and adaptation — constructs that are useful for understanding how long-term relationships can evolve between the information system customer and the outsourcing vendor.

The model is formulated in two stages. First, a static model is constructed that explains satisfaction from an outsourcing relationship at a point in time. Then the static model is elaborated into a comparative static model or simple dynamic model through the application of the concept of adaptation. Adaptation refers to the ways in which one or both parties in an outsourcing relationship modify behaviors to accommodate the other party (Hallen, Johanson, and Seyed-Mohamed 1991). The model incorporates power and trust as two factors from social exchange theory that condition adaptation.

Adaptation that changes the relationship in mutually beneficial ways will lead the outsourcing parties to greater trust and greater satisfaction and a deepening of the outsourcing relationship. Alternatively, adaptation that enriches one party at the expense of the other is destructive to the outsourcing relationship and may ultimately lead to its dissolution.

REFERENCES

