December 2004

Developing a theoretical framework for joint service provision (JSP)

Mark Borman
University of Sydney

Developing a theoretical framework for joint service provision (JSP)

Dr Mark Borman

Discipline of Business Information Systems, School of Business
The University of Sydney
Email: m.borman@econ.usyd.edu.au

Abstract

Joint Service Provision (JSP) offers the potential to improve organisational effectiveness through the provision of services jointly to groups of organisations rather than individually. Drawing upon, and extending, existing research in outsourcing this paper seeks to develop a framework to guide the development of JSP. As an initial empirical test of the framework an exploratory case study of a franchise system, which prima facie would appear to be an ideal context for JSP, is presented.

Keywords

Outsourcing joint service provision franchise customer relationship management

INTRODUCTION

Historically a number of information and communication technology (ICT) applications have evolved over time to support an industry rather than an individual firm; for example automated teller machines (ATMs) in banking and SABRE, a reservation system, in airlines. More recently a number of organisations have begun to actively seek opportunities where existing services could be provided jointly. In the UK, for example, three banks and Unisys formed a joint cheque processing venture (Roberts, 2004). In the global lodging sector, a number of leading players have also come together to form a joint distribution consortia; TravelWeb (Tedeschi, 2003).

Joint service provision (JSP) may be seen as an extension of the shared services concept to a multi-organisational context. Shared services typically represent a consolidation or centralisation of functions that were previously performed at the individual business unit level. Suitable activities are those where there is a high degree of commonality across the organisation and few interfaces with other activities (Shah, 1998). The benefits of a shared service approach are held to include reduced duplication and cost, improved leveraging of systems and resources, enhanced services, the propagation of best practices and an improved ability to cost effectively deploy leading-edge technology (Connell, 1996; Shah 1998). It might be expected that many of these benefits will be magnified in a multi-organisational setting.

Not all JSP initiatives though are likely to be successful. Seddon (2001) for example provides an account of the Australian Federal Government's failed (by his assessment) attempt to introduce IT outsourcing by "grouping government agencies (mainly departments) into clusters" (p5) in an attempt to gain the advantages of economies of scale. Sabhewal et al (2001) provide the example of a multi-national energy company that had a limited uptake when it moved to offer information services to other such companies "due to the fear that this may help a competitor .. through additional revenues and potential access to sensitive data" (p192). Burbury (2004) provides the example of an Australian terrestrial broadcaster that sought to introduce an online trading portal for the sale and purchase of advertising media. The project was abandoned because of a reluctance by many in the sector to input what they considered to be commercially sensitive information into the system. When considering JSP initiatives it will be important for the firms involved to have a good understanding of the factors that will contribute to success or failure.

Drawing upon research from the realm of outsourcing the current paper seeks to develop a theoretical framework to serve as an aid to organisations when assessing whether, where and how to introduce JSP. The next section outlines that framework while section three applies it through an exploratory case study of a franchising system – an area that appears prima facie to represent an context to benefit from JSP. A theoretical framework regarding the use of joint service provision.

A review of the literature suggests little research has been conducted into JSP per se. Business Europe (1999) documents its emergence with regard to accounting services while Hamel et al (1989), in a limited and typically one-to-one setting, allude to its potential in pre-competitive activities. However a significant body of research has developed regarding the use of ICTs to facilitate the supply of services by third parties more generally.

Dosi et al (1988), for example, have suggested that ICTs will allow for the distribution of activities across networks of firms with each consequently better able to focus on their source of distinctive competitive advantage. Often though the principal benefits of such arrangements appear to accrue to the network initiator (Shapiro and Varian, 1998) or the provider of the coordinating service (Tapscott et al (2000). Clemons and Kleidorfer (1992) suggest that often at least part of the reason is that the activity concerned is difficult to substitute for - making the party that controls it indispensable to the others. Kaplan and Sawhney (2000) argue that application providers may be able to exert enormous influence over how transactions and relationships are organized and where benefits flow. Evans and Wurster (2000) suggest that, once established, network effects could rapidly embed the joint service provider as the customer gatekeeper – "consumers prefer them because they offer greater product reach" (p88) – relegating the underlying product supplied to commodity status.

Clearly such an asymmetrical outcome is unlikely to be acceptable for JSP. Research from the outsourcing[1] realm fortunately provides a basis for understanding the requirements to ensure both the selection of the most appropriate activities for third party provision and to manage the distribution of the resultant benefits (Hirschheim et al, 2002). The task remaining is to adapt and apply that work to a multi-organisational setting[2].

While research examining the motivation for, and objective of, outsourcing draws from many theoretical perspectives, Cheon et al (1995) suggest that three dominate: transaction cost economics, resource based and resource dependency. Here the first – extended to consider joint activities – is used to explain the base motivation for JSP while the others serve to identify additional organisation specific considerations regarding the need to maintain a core source of competitive advantage and to ensure that the value created by an organisation can not be appropriated.

Motivation

Transaction cost economics

While from a production cost point of view the market (external supply) is always seen as the preferred mode for organising production, transaction cost theorists argue that whether activities are actually undertaken within a firm or obtained across a market, also depends upon the transaction costs associated with each option. Transaction costs are those costs incurred through putting in place and operating the necessary governance structure. Williamson (1986) argues that it is the interaction of human constraints and failings – bounded rationality and opportunism – with the specific qualities of a transaction – asset specificity, uncertainty and frequency of the transaction – that determine actual transaction costs.

Benefits of a joint approach

Transaction cost theory in itself only provides a rationale for the use of external suppliers by organisations. For joint use of a supplier there need to be specific, additional benefits. As suggested earlier these are potentially available as result of factors such as scale efficiencies and aggregation or network effects. Clearly however joint benefits will not exist in all cases and often the individual provision of a service and a one-to-one relationship will be most appropriate.

Internal considerations

Resource based theory

Resource based theory suggests that firms secure success by utilising their unique resources (Wernerfelt, 1984). Resources comprise intangible and tangible assets that are tied semi-permanently to the firm. Examples include brand names, machinery and effective processes. A firm can attain a sustained competitive advantage through its resources only when competitors are unable to acquire and deploy similar resources (Mata et al, 1995). In addition, according to Coyne (1986), to provide an advantage, the resources must contribute to "a consistent difference in important attributes between the producer's product and those of his competitors" (p51). Success is maximised

---

[1] Outsourcing refers to the "use of external agents to perform one or more organizational activities" (Lacity and Hirschheim, 1993)

[2] the focus of most outsourcing research has been on one-to-one relationships between organisations and outsourcing service providers

where organisations focus their attention on those areas where their distinctive capabilities lie (Hagel and Seely Brown, 2001) and rely on others for the provision of ancillary activities.

Resource dependency theory

Resource dependency theory recognises that organisations are dependent upon their environment and are faced with choices regarding how they manage that dependency. Kotter (1979) suggests dependency is usually the result of an external body's control of a resource such as equipment, information or a specific service. Organisations need to adopt a strategy to stabilise and secure access to such resources. According to Teng et al (1995) the extent of the dependency is determined by a combination of the importance of the resource, the number of potential suppliers available and the cost of switching suppliers.

The resource based and resource dependency theories do not inherently conflict with each other - nor with transaction cost theory (Duncan, 2002). Rather the three theories can be seen as complementary and summative[3]. Transaction cost theory identifies the general principle that outsourcing is advantageous subject to the transaction costs incurred. The addition of resource dimensions moves any decision beyond a generic consideration of asset specificity, uncertainty and frequency to incorporate specific constraints relating to the contribution of a resource to an organisation and the need to manage relations with suppliers. Specifically the resource theories suggest that an organisation needs to retain those activities which represent its unique core capability and ensure that it does not become overly dependent upon specific external parties for any other activity.

The synthesis of the three approaches provides a rationale for identifying candidate activities for JSP from a primarily internal perspective. Drawing from the work of Melville et al (2004) It is suggested here though that external institutional and industry factors also need to be considered. Furthermore any activity selected as appropriate for JSP subsequently needs to be configured or implemented in a manner that ensures that the identified benefits are actually delivered. The overall consideration framework is illustrated in Figure 1[4].

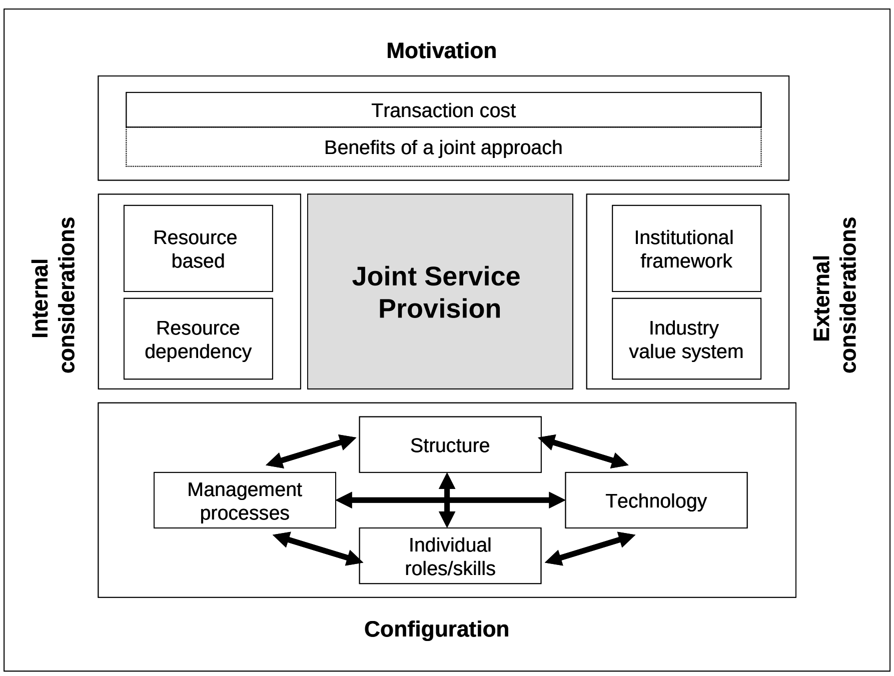

Figure 1. Considerations for JSP

[3] Meville et al (2004) suggest that adopting such a synthesising approach is beneficial. While the existence of multiple competing theoretical approaches can provide varied insights the resulting fragmentation and isolation can also limit the overall development of understanding in an area.

[4] While the relationship between motivation & moderation and environmental shaping factors on strategy and between strategy and operational design are shown as unidirectional in reality those relationships are likely to be, to a degree at least, bidirectional. The strategy adopted, for example, is likely, over time, to influence both the prevailing institutional framework and industry value system.

External considerations

Institutional framework

According to Perez (1983) organisational activity occurs within an institutional context. Together the political, economic and judicial institutions of a society function as a web of interconnected formal rules and informal constraints that establish a stable structure for individual and organisational interactions - the so called “rules of the game”. By regulating relationships the institutional framework is one of the key enablers of economic trade and specialisation (North, 1990). The prevalent framework however serves to promote only particular modes of organising activities.

From a JSP perspective it is important that the institutional context is permissive. Yet this may not always be the case. In Australia, for example, one of the peak industry regulators the Australian Competition and Consumer Commission (ACCC) is reportedly concerned with the potential anti-competitive effects of moves by the major banks to establish a joint cheque processing facility (Roberts, 2004).

Industry context

Porter (1985) identified that the competitive success of an organisation is determined by a combination of the value chain of that organisation and the broader value system within which it is positioned. Porter argued that five forces determine the attractiveness of an industry to a firm operating within it: bargaining power of buyers; bargaining power of suppliers; threat of new entrants; threat of substitute products or services; and rivalry among existing firms. When considering how its activities are organised an organisation needs to not only consider internal implications but also the potential impact on its place within the value system – for example by reducing barriers to entry for new competitors. Griffiths and Remenyi (2003) provide the example of such a scenario in the financial services sector, suggesting that developments in ICTs have made it easier for non-bank financial institutions to move into banking.

Configuration

In order for an organisation’s JSP intentions to be successfully realised there needs to be an appropriate “fit” between the different aspects of any implementation. Authors such as Huber et al (1979) have suggested a link between performance and the alignment of the various dimensions of an organisation. Drawing upon the work of Leavitt and Whisler (1958), Miles and Snow (1978) and Scott-Morton (1991) with regard to the concept of fit it is suggested that the most pertinent dimensions to consider are those of structure, management processes, individual skills and technology. Numerous requirements and obstacles to achieving fit often exist (Martin, 1998; Davenport, 1998). Given that joint applications will service multiple organisations the difficulty in achieving such a fit will also be compounded by the need for any JSP to align with a variety of operating environments and balance potentially conflicting requirements (Dunphy and Griffiths, 1998; Davenport, 1998). Furthermore once one moves to a multi-organisational setting an additional set of collaboration and relationship based factors will also need to be taken into account both during the implementation of the JSP and when it is used (Chatterjee and Ravichandran, 2003).

A number of problems with the concept of fit have previously been identified regarding the level at which analysis occurs (Markus and Robey, 1988) and how the concept is actually operationalised; with multiple competing perspectives existing (Venkatraman,1989). Given JSP is a multi-organisational phenomenon the JSP “system” would appear to be the most appropriate level of analysis here. With regard to operationalisation. At a high level, and based upon the framework developed by Scott-Morton (1991), structure is considered to be defined by how activities are organised while management processes concern the distribution of power and control. Individual roles relate to the specific tasks undertaken by different organisations and technology to the configuration and use of ICTs in relation to the JSP.

Thus far the paper has sought to outline the drivers and shapers of JSP and identify the primary dimensions along which any implementation needs to be aligned. It should also perhaps be readily apparent that, as a result of the inherent instability of the various considerations, any JSP is likely to be emergent and evolutionary in nature rather than fully planned and permanent. The remaining sections of the paper seek to consider a case study of JSP within a franchise system through the lens of the developed framework. Such a process has two objectives. First to determine the appropriateness of the JSP initiative and second to start to assess whether the framework comprehensively captures the major considerations with regard to JSP.

EXPLORATORY CASE STUDY

Franchising

Franchising is a system of contractual partnership that connects two financially distinct and independent companies - the franchisor and the franchisee (Mendlesohn, 1992). It aims to combine the scale benefits a large organisation with the flexibility and motivation of an owner operated small business (Treadgold,1990) and in recent years has become an increasingly widespread and visible business concept (Fladmoe-Lindquist and Jacque, 1996). Franchisors acquire the ability to expand without being constrained by capital and managerial resource requirements (Frazer and Stokes, 1994). Franchisees benefit from access to a proven business concept (Harvey, 1992) and established operating systems (Johnson and Buehler, 1993).

The franchise system prima facie would appear to represent a natural cluster, or grouping, of companies that could potentially benefit from JSP. JSP, by supporting the implementation of best practice, could maximise the process, scale and consistency benefits of the franchise system (Cavaye, 1998). Furthermore, given royalty payments to franchisors are typically a percentage of franchisee turnover (Norton, 1988) there is a significant commonality of interest; the long term health of the franchisor being dependent upon the long term well-being of its franchisees.

Methodology

Given the exploratory nature of the empirical research, a case study approach was adopted. The case study method is well established in IS research (Benbasat et al, 1987) especially where the aim is to enhance understanding rather than document incidence (Yin, 1984). The specific franchise system was selected, after consultation with the Franchise Council of Australia, primarily on the basis of being a relatively well established, successful and innovative business that would allow research access.

Interviews were conducted at the franchisor and three franchisees with the Chief Operating Officer and IT manager and the franchise owners respectively. One franchisee operated three sites and the other two one site each. In order to secure access it was required to provide the franchisor with confidentiality.

Interviews followed a semi-structured approach to ensure focus and consistency while maintaining flexibility. Internal and public domain documents (primarily websites and press reports) were used to maximise understanding of the franchise system before the interviews and to corroborate and augment items raised during those interviews. Interviewees were given the opportunity to comment on the case study notes to ensure accurate representation.

Research objectives

Given the exploratory nature of the research, the research objectives of the case study were limited and relatively high level. Specifically, they were to identify whether ICT enabled JSP is in use within a franchise environment, determine whether the implementation is consistent with the theoretical framework presented and identify what, if any, other factors might valuably be incorporated into that framework.

Case overview

The case study franchise system operates in the video rental sector and is one of the top three players in that sector in Australia. Stores operate at more than 500 locations across Australia, New Zealand, Indonesia, Malaysia, Thailand and Singapore. Franchisees obtain exclusive access to a specified geographical area. Total revenue for 2002 (latest year available) was approximately AU$250 million. Two locations are currently company owned (recently reduced from 20) and the intention is to reduce this to a single flagship store at Head Office. The home entertainment sector itself is currently experiencing a significant shift from rental to purchase – in 1990 the sale of videos for rental accounted for 75% of distributor revenue by 2000 this had declined to less than 50%.

With regard to JSP two interlinked developments have occurred – both initiated by the franchisor. The first is a custom built and fully integrated point-of-sale and back-office support system. All franchisee business activities are managed through the system with functionality provided to support accounting, staff rostering, and budget management. The system also enables the franchisor to more effectively manage centralised activities on behalf of franchisees such as the ordering, payment and management of all stock. The system is one of the primary vehicles for franchisor-franchisee communications including the distribution of publishing sales event calendars, pricing details and marketing materials. Deals secured at the group level for the purchase of indirect supplies – for example with Dell for IT equipment – are also promoted via it. It was suggested that the system is a key source of competitive advantage for the franchisor and has facilitated the ready roll-out of the franchise into overseas markets.

The second JSP development concerns the implementation a customer relationship management (CRM) system built around the E.piphany application at a cost “in excess of seven figures”. The objective is to support franchisee sales through the collection, analysis and use of customer data. For example as payment occurs realtime customised offer coupons can be generated and printed at the check-out based on the customer’s profile to encourage increased future purchases. A redemption rate of 20% for such offers was cited by the franchisor. The CRM system is also used to help target direct mail undertaken by franchisees. While the franchisor helps construct offer frameworks the final choice regarding the detail – for example whether to offer three rentals for the price of two or four for the price of three – and the areas to be targeted is left to the franchisee. No direct customer contact is undertaken by the franchisor. Each franchisee owns its customers though the franchisor is currently seeking to demonstrate the benefits to franchisees of allowing the transfer of data when a customer moves to a new area. To secure commitment when rolling out the CRM system the franchisor developed an initial business case outlining the proposed benefits to franchisees and provided funding for a proof of concept. The franchisor continues to supply seed funding to demonstrate benefits with pilot franchisees as new features are developed.

Application of the framework

Table 1 illustrates the framework as applied to the case study and suggests that in this instance a workable balance between franchisor and franchisee has been achieved for current activities. However it also suggests that future developments may result in an imbalance.

<table>
<tr><th rowspan="2">User group</th><th>Motivation</th><th colspan="2">Internal considerations</th><th colspan="2">External considerations</th><th colspan="4">Configuration</th></tr>
<tr><th>Transaction cost & joint benefit</th><th>Resource based</th><th>Resource dependency</th><th>Institutional framework</th><th>Industry context</th><th>Structure</th><th>Management processes</th><th>Individual skills/roles</th><th>Technology</th></tr>
<tr><td>Franchisor</td><td>Computer based operations facilitate operation & low cost expansion into new markets</td><td>Provide best practices accessed by franchisees under an exclusive long term relationship</td><td>Additional distribution channels</td><td rowspan="2">Franchise system readily allows for group based activities</td><td rowspan="2">Multiple competing chains & single stores with essentially identical product. Concentrated supply base. New competitive threats emerging (eCommerce, broadband content delivery & subscription clubs)</td><td rowspan="2">Centralised decision making governed by franchisee board & acted on by individual franchisees</td><td>Recommend & demonstrate</td><td>Provide strategy & framework. Admin & operational support</td><td rowspan="2">Shared and centrally hosted, custom built back end & configured standard CRM.</td></tr>
<tr><td>Franchisee</td><td>Obtain access to resources – best practice processes – more readily</td><td>Exclusive l territories</td><td>Retain exclusive customer contact rights</td><td>Retain final decision making authority– subject to the terms of the franchise agreement</td><td>Sales focus</td></tr>
</table>

- potential area of future friction

Table 1. JSP theoretical framework applied to franchise system case study

Motivation

The benefits of JSP accrue to both franchisor and franchisees through increased sales (and associated increased royalty payments) and reduced costs. Specific benefits include the ability with the CRM system to gain access to a larger “pool” of data facilitating benchmarking of store performance and an improved ability to identify patterns of customer behaviour and asses marketing effectiveness. The ability to defray the cost of the E.piphany system across the franchise system was seen as the key enabler for adoption. From an operational perspective it was suggested that the ability to offer a consistent approach across a large number of sites has also improved the willingness of suppliers to introduce services such as vendor managed inventory.

Franchising itself could be seen as in accord with transaction cost theory given the division of tasks between franchisor and franchisee. From the perspective of the introduction of JSP the distribution of activities within the franchise system itself appears little changed. It is primarily limited to an increase in the customer analysis now undertaken by the franchisor. JSP however has also enabled a degree of reallocation elsewhere - vendor managed inventory representing a shift towards increased use of external parties to perform activities previously conducted in-house by franchisees.

Internal considerations

The franchisor and franchisee have traditionally had different, but compatible, objectives. They have an established "mutually dependent" relationship and JSP does not appear to impact upon their existing capabilities relative to one another. Franchisees have retained their exclusive sales focus supported by the JSP – enhancing their sales and marketing capabilities and streamlining other activities. From the franchisor perspective JSP has increased its attractiveness vis-à-vis competitors to potential new franchisees and facilitates both the support of existing franchisees and the role out of the business concept to new sites.

External considerations

The current economic institutional framework in Australia is seen as serving as an amenable platform for franchise systems to engage in group based activities by both franchisor and franchisees. The franchisor however did comment more generally on the need to ensure they operated in accordance to the Franchising Code of Conduct and the Trade Practices Act. From a value system perspective the sector is competitive with several established national chains as well as independent operators with essentially generic products. The industry is dominated by the major content providers though these suppliers are keen to maximise distribution for their products given their "perishability[5]" which helps "limit" their actions. JSP has enhanced the franchise system's ability to leverage its combined buying power for primary and ancillary products relative to its competitors. The CRM system has also improved the ability of franchisees to target customers with specific offers based on their viewing behaviour – primarily rental frequency – to generate increased revenue per customer.

There is a potential cloud on the horizon with potential implications both for the long term role and appropriateness of JSP and the franchisor-franchisee relationship more generally. In response to the emergence of new competitors and distribution channels for video entertainment the franchisor has developed an online retail channel. The service utilises the joint service CRM system while ultimately competing with franchisees. In an attempt to mitigate the potential conflict the franchisor has agreed to pay a commission to franchisees for each online customer who resides in their franchise area - even though the franchisee does not have any direct role in the service. The online store is a new initiative and it is as yet unclear both how successful it will be and how it will evolve. However franchisees expressed concerns regarding the impact and it is possible it will unsettle the current capability and dependency balance between franchisor and franchisees.

Configuration

From a technological perspective use of existing core operational ICT is mandated as part of the franchise agreement[6]. The franchisor suggests that the resulting commonality forms a strong foundation for the development and roll out of JSP. In some instances – specifically in the customer relationship and accounts areas – ICTs are also seen as the key enabler. However in other cases the bulk of the benefits are realised elsewhere in the process – for example the negotiation of group discounts.

Some operational obstacles to the successful adoption of JSP exist – arising largely from the interplay between structure, management and roles. The existing gestalt – whereby decision making is centralised to the franchisor but with franchisee oversight and local modification on implementation allowed – is seen by the franchisor as effective but complex. The need, for example, to secure buy-in from multiple parties is viewed as a "time consuming and frustrating" process. It was also reported that some franchisees feel marginalised – the parties providing the oversight are the largest multi-site franchisees.

---

[5] The majority of content has a limited shelf life before it is superseded by new releases

[6] The deployment of new technology however can only proceed through negotiation with existing franchisees – franchise agreements with new franchisees are amended to incorporate it.

Franchisees can sometimes be reluctant to actively work together unless they see some “clear and immediate benefit for themselves” – evidenced for example by the refusal to share customer details and histories when a customer moves from one franchise area to another.

DISCUSSION AND FUTURE RESEARCH

The objective of this paper has been to develop an aid to organisations seeking to identify whether and how to implement JSP in support of their business. Drawing upon research in outsourcing, a theoretical framework was developed to identify the various forces shaping the decision to move to JSP. An exploratory case study was then presented as a first application of that framework within what was a priori thought likely to be a conducive context – franchise systems.

The case study revealed that the franchise system studied had indeed implemented JSP in a range of areas covering operations and customer management with benefits including cost reduction and the provision of enhanced capabilities. The framework developed appears useful as a mechanism to ensure JSP opportunities are assessed comprehensively from multiple perspectives. Applied to the case it highlights that an inclusive decision making structure and process has been put in place and where new technology has been introduced – for example CRM – it has been implemented from a joint rather than an individual perspective. However the case study also suggests that sophisticated ICTs are not always required to underpin JSP. In some instances the act of aggregation itself may deliver significant benefit.

The framework also identifies a number of areas where opportunities have not been fully realised or where tension may arise. For example, while the franchisor and franchisee group as a whole appear to work well together – performing different but complementary roles – to exploit JSP more perhaps could be done within the franchisee group – for example passing on customer data as customers move location. An emerging problem identified, which may impact on the current capability and dependency balance, is the franchisor’s development of a new online retail channel[7] largely independently of the franchisees.

The framework developed may be useful as a source of suggestions both to help explain why some previous JSP attempts failed and provide suggestions for future ones. For example Seddon (2001) states that agencies were “mandated” (p5) to undertake clustered outsourcing suggesting a compelling motivation was absent. Clearly however the current research is limited by its single case study nature. More case studies need to be developed – across multiple contexts. Those case studies will also enable the framework itself to be further refined to ensure the most appropriate elements – for example with regard to configuration – have been included and a finer resolution added with regard to the components that make up each of those elements and the specific relationships between them.

REFERENCES

Benbasat, I, Goldstein, D K and Mead, M (1987) The case study research strategy in studies of information systems, MIS Quarterly, 11(3), pp369-386.

Burbury, R (2004), Ten changes track as it moves online, Australian Financial Review, 23 February, p52.

Business Europe (1999) Farming out shared services, April 7, pp3-4.

Cavaye, A L M (1998) IOS in the franchising context: Computerised communication between franchisor and franchisees. Proceedings of the Australian Conference of Information Systems, Sydney, Australia.

Chatterjee, D and Ravichandran, T (2003) Characteristics of interorganizational relationships and the structure of interorganizational systems: An exploratory study, Proceedings of the ninth Americas Conference on Information Systems.

Cheon, M J, Grover, V and Teng, J T C (1995) Theoretical perspectives on the outsourcing of information systems, Journal of Information Technology, 10(4), pp209-220.

Clemons, E K and Kleindorfer, P R (1992) An economic analysis of interorganizational information technology, Decision Support Systems, 8(5), pp431-446.

[7] Primarily in response to an evolving industry value system

Connell, R (1996) Learning to share, Journal of Business Strategy, pp55-58.

Coyne, K P (1986) The anatomy of sustainable competitive advantage, The McKinsey Quarterly, Spring, pp50-65.

Davenport, T H (1998) Putting the enterprise into enterprise system, Harvard Business Review, pp121-131.

Dosi, G, Freeman, C, Nelson, R, Silverberg, G and Soete, L (eds), (1988) Technical change and economic theory, London: Frances Pinter.

Duncan, N B (2002) IS integration in the Internet age, in R. Hirschheim, A Heinzl and J. Dibbern (Eds) Information systems outsourcing, Berlin: Springer, pp395-414.

Dunphy, D and Griffiths, A (1998) TheSustainable Corporation: Organizational Renewal in Australia, Allen and Unwin, Sydney.

Evans, P and Wurster, T S (1999) Getting real about virtual commerce, Harvard Business Review, Nov-Dec, pp85-94.

Fladmoe-Lindquist, K and Jacque, L (1996) To own or to franchise? The international control dimension for service companies, Journal of Applied Corporate Finance, 9(3).

Frazer, L and Stokes, D (1994) An empirical analysis of incentives for franchising. Paper presented at the 1994 Conference of the Accounting Association of Australia and New Zealand, Christchurch, New Zealand.

Griffiths, P and Remenyi, D (2003), Information technology in financial services: A model for value creation, Electronic Journal of Information Systems Evaluation, 6(20, pp107-116.

Hagel, J III and Seely Brown, J (2001) Your next IT strategy, Harvard Business Review, 79 (9), pp105-113.

Harvey, D (1992) Franchising: A soft option?, Certified Accountant, April, pp16-18.

Hirschheim, R, Heinzl A and Dibbern J (eds) (2002) Information systems outsourcing: Enduring themes, emergent patterns and future directions, Springer, Berlin.

Huber, G P, Ullman, J and Leifer, R (1979) Optimum organization design: An analytic-adoptive approach, Academy of Management Review, 4(4), pp567-578.

Johnson, C and Buehler, M (1993) Applying global concepts to individual hotels at Park Inn International, International Journal of Contemporary Hospitality Management, 5(5), ppp1-2.

Kaplan, S and Sawhney, M (2000) E-hubs: The new B2B marketplaces, Harvard Business Review, 78 (3), p97.

Kotter, J P (1979) Managing external dependence, Academy of Management Review, 4(1), 1979, pp87-92.

Lacity, M C and Hirschheim, R (1993) Information systems outsourcing, Chichester: Wiley.

Leavitt, H J and Whisler, T L (1958) Management in the 1980's, Harvard Business Review, Nov-Dec, pp41-48

Markus, L and Robey, D (1988) Information technology and organizational change: Causal structure in theory and research, Management Science, 34(5), pp583-598.

Martin, M H (1998) An electronics firm will save big money by replacing six people with one and lose all this paperwork using enterprise resource planning software. But not every company has been so lucky, Fortune,137(2), pp149-151.

Mata, F J, Fuerst, W L and Barney, J B (1995) Information technology and sustained competitive advantage, MIS Quarterly, December, pp487-505.

Melville, N, Kraemer, K and Gurbaxani, V (2004) Information technology and organizational performance: An integrative model of IT business value, MIS Quarterly, 28(2), pp283-322.

Mendlesohn, M (1992) The guide to franchising. Casell, London.

Miles, R E and Snow, C C (1978) Organizational strategy, structure and process, McGraw-Hill: New York.

North, D C (1990) Institutions, institutional change and economic performance, Cambridge University Press: Cambridge.

Norton, S W (1988) Franchising, brand name capital and the entrepreneurial capacity problem, Strategic Management Journal, 9, pp105-114.

Perez, C (1983) Structural change and assimilation of new technologies in the economic and social systems, Futures, 15(5), pp357-375.

Porter, M E (1985), Competitive advantage, The Free Press: New York.

Roberts, C (2004) Back-office central, Business Review Weekly, Jan 22-28, p18.

Sabherwal, R, Hirschheim, R and Goles, T (2001) The dynamics of alignment: Insights from a punctuated equilibrium model, Organization Science, 12(2), pp179-197.

Scott-Morton, M S (Ed) (1991) The corporation of the 1990s, New York: Oxford University Press.

Seddon, P B (2001) The Australian Federal Government's clustered-agency IT outsourcing experiment, Communications of the Association for Information Systems, 5(13), pp17

Shah, B (1998) Shared services – is it for you?, Industrial Management, Sept-Oct, pp4-8.

Shapiro, C and Varian, H (1998) Information rules: A strategic guide to the networked economy, Cambridge MA: Harvard Business School Press.

Stanworth, J and Stanworth C (1997) Customer service franchising – a trend or a deviant case?, International Small Business Journal, 17(3), pp74-78.

Tapscott, D, Ticoll, D and Lowy, A (2000) Digital capital: Harnessing the power of business webs. London:Nicholas Brealey.

Tedeschi, B (2003) Hotels put together their own web site, New York Times, 9 March, 2003.

Teng, J T C, Cheon, M J and Grover, V (1995) Decision to outsource information systems functions, Decision Sciences, 26(1), pp75-103.

Treadgold, A D (1990) The role of distribution channel agents in promoting innovative activity in small retail business: A case study of IT adoption, The Service Industries Journal, 10(4), pp651-663.

Venkatraman, N (1989) The concept of fit in strategy research: Toward verbal and statistical correspondence, Academy of Management Review, 14(3), pp423-444.

Wernerfelt, B (1984) A resource-based view of the firm, Strategic Management Journal, 5, pp171-180.

Williamson, O E (1986) Economic Organization: Firms, markets and policy, Wheatsheaf, Brighton.

Yin, R (1984) Case study research: design and methods, Sage, Beverly Hills, California.

ACKNOWLEDGEMENTS

The author would like to acknowledge the valuable comments received by two anonymous reviewers of this paper

COPYRIGHT