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TOWARDS AN UNDERSTANDING OF THE INFLUENCE OF ORGANISATIONAL FACTORS ON THE COSOURCING DECISION

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Abstract

Cosourcing describes a situation where organisations seek to outsource standard services jointly. Such an approach may make services more accessible to SMEs. This paper presents an approach that considers the interplay between universal and organisational factors in the cosourcing decision. The approach is empirically tested with an industry wide case study in the financial services sector. It is concluded that in general cosourcing would appear to offer benefits to SMEs who are not of a sufficient size to realise economies of scale individually. However varied circumstances lead to organisations making different decisions with regard to cosourcing even when faced with prima facie the same opportunity. Furthermore it emerged that there are a variety of cosourcing alternatives available. While this should increase the likelihood of there being a potential fit between what an organisation desires and what is available, it should be noted that not all organisations are likely to have access to all of the cosourcing options.

Keywords: Cosourcing, SME, finance, organisational fit

Introduction

Brown (2005) has suggested that outsourcing will increasingly extend into the realm of cosourcing, or the development of utilities that support the activities of multiple organisations, for selected business processes between 2007 and 2010. In the UK, for example, three banks formed a joint venture with Unisys for cheque processing (Roberts, 2004). As such the balance between what activities are undertaken by an individual organisation and what are provided at an industry level will likely shift potentially leveling the playing field for SMEs – especially if by making information technology more accessible to SMEs it can help overcome their traditional reticence to adopting it (Cavaye et al, 1999). However a shortcoming of existing outsourcing research is that insufficient attention appears to have been paid to examining how the make-up of individual organisations – their structures, cultures and management perspectives for example – may influence the cosourcing decision (see Dibbern et al, 2004 for a summary of recent outsourcing research). The significance of such factors is likely to increase in a cosourcing environment due to the involvement of multiple organisations.

This paper seeks to contribute to the literature by identifying a number of organisational dimensions that shape the broad influences on the outsourcing decision and developing a series of potential gestalts.

The remainder of the paper comprises two sections. The first outlines a set of organisational dimensions. The second views an instance of cosourcing by credit unions in Australia through the lens of those dimensions.

Organisational factors and the cosourcing decision

Research on outsourcing has often been inconclusive regarding the actual impact of universal motivators and limiters on outsourcing decisions (see Dibbern et al, 2004). Studies have found differing levels of support for hypotheses relating factors such as economies of scale, or a desire to focus on core capabilities, to actual outsourcing decisions – even when the organisations concerned are facing, prima facie, similar sets of circumstances (for example compare the findings of
Slaughter and Ang (1996) and Smith et al (1998)). As such it appears plausible that a second set of organisational factors may also influence the outsourcing decision.

Numerous approaches to understanding the make up of organisations have been proposed. Some have primarily concentrated on a single dimension. Mintzberg (1998) for example classified the activities and roles of the varied employees – strategic apex, technostructure, middle line, support staff and operating core – and proposed a number of organisational structures based on different combinations. A significant number of authors however have sought to develop multi-dimensional models (for example Henderson & Vankatraman, 1992; Yetton et al 1994; Pascale and Athos, 1981). One of the most comprehensive approaches is that developed by Scott-Morton (1991) which identified strategy, structure, management processes, individual skills and technology as the key components. However it is suggested here that the work of Scott-Morton (1991) can be usefully augmented by that of Nadler and Tushman (1997) incorporating the “givens or setting within which the organization must operate” (p29) which they identified as its environmental conditions, organisational resources and history.

Organisational dimensions

Many of the organisational dimensions proposed by Scott Morton et al (1991) have unfortunately been left partially or wholly undefined. However drawing upon and synthesising the work of multiple authors has allowed for outlines of each to be developed:

- **Strategy**

Chandler (1962) defines strategy “as the determination of the basic long term goals and objectives of an enterprise and the allocation of resources necessary for carrying out these goals” (p13). Similar definitions have also been provided by other authors such as Miles and Snow (2003) though these have often focused more on identifying and classifying alternative types of organisational strategy – for example defender, prospector, analyser and reactor.

- **Structure**

March (1965) suggest structure is the “distribution of the means used by an organization to elicit the performances it needs and to check whether the quantities and qualities of such performances are in accord with organizational specifications” (p650) while Chandler (1962) defines it as ‘the design of organization through which the enterprise is administered’ (p14). Mintzberg (1998) draws attention to there being both formal and informal components, outlines the essential design parameters and presents a set of potential organisational structures.

- **Management processes**

Scott Morton (1991) considered the two most relevant aspects of management to be direction and control (p12). Mintzberg (1998) further differentiates control into internal supervision and managing relationships between the organisation and its environment. Fayol (1949) also included the functions of organising (ie setting up the general structure of the organisation).

- **Individual skills**

A skill is the ability to perform actions to achieve a desired outcome (Wikipedia, 2007). Rather than specific skills themselves Scott-Morton (1991) and others such as Taylor (1911), Davis et al (1955) and Dunphy and Griffiths (1998) have focused more on job design with its attendant implications for deskilling, upskilling or reskilling employees.

- **Technology**

Scott-Morton (1991) defined technology in terms of six specific components – hardware, software, networks, workstations, robotics, smart chips. Such an approach though is limiting over time as innovation leads in unanticipated directions. Perhaps more useful as a guide therefore is the work of authors such as Rogers (2003) and Carr (2004) who focus on organisations’

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1 It should be noted that the focus of the paper is primarily on outcomes rather than process (see, for example, the work of Weick, 2001 to illustrate the differences)
2 Fortunately this is not the case for those proposed by Nadler and Tushman (1997)
3 horizontal and vertical decentralisation; liaison devices; planning and control systems; unit size; unit grouping; training and indoctrination; behaviour formalisation; job specialisation
4 Simple structure, machine bureaucracy, professional bureaucracy, divisionalised form, adhocracy
attitudes to technology – from innovators through to laggards (Rogers, 2003, p281) – and which attitude is appropriate (Carr, 2004).

**Environmental conditions**

Nadler and Tushman (1997) define the environment an organisation operates in as including “people, other organizations, social and economic forces, and legal constraints .. markets (clients or customers), suppliers, governmental and regulatory bodies, technological and economic conditions, labour unions, competitors, financial institutions and special interest groups” (p29)

**Organisational resources**

Nadler and Tushman (1997) define organisational resources as the “full range of assets to which it has access – employees, technology, capital and information .. also include[s] less tangible assets, such as the perception of the organization in the marketplace or a positive organizational climate” (p29).

**History**

Nadler and Tushman (1997) suggest that “the way an organization functions today is greatly influenced by events in its past.. [requiring] an appreciation of the developments that shaped it over time – the strategic decisions, behaviour of key leaders, response to past crises, and evolution of values and beliefs” (p29)

Both Nadler and Tushman (1997) and Scott-Morton (1991) suggest that for an organisation to be successful it is necessary for there to be congruence, fit or alignment amongst the various dimensions. A number of authors have worked to identify such alignments – for example between strategy and the technology an organisation deploys (Das et al, 1991).

From the perspective of this paper, of most interest, is that such a requirement for alignment may allow for the development of **Gestalts** (Miller and Friesen, 1978), based upon the “synthesis of various organizational attributes and their combined effects” (Pollalis, 2003, p475), enabling the classification of organisations into groups with similar predispositions towards particular cosourcing choices.

**Methodology**

The financial services sector was selected as the broad domain for the empirical work as it has been identified as well suited to outsourcing due to the repetitive nature of many processes and their information intensive nature (Winter, 2002). Furthermore many of the processes themselves are well understood and common across organisations making it potentially a sector amenable to cosourcing (Beimborn, 2006). The specific focus was on credit unions which are member owned financial institutions that provide a comprehensive range of retail banking products and services. Around 180 credit unions currently operate in Australia with 3.6 million members and more than $29 billion in assets. The initial unit of analysis was the IT services that support the core banking system of credit unions. This was subsequently extended to also include the core banking system itself (Yin, 1984). Given that little research has been conducted to understand the phenomenon of cosourcing a qualitative – case study based – approach was determined to be appropriate (Benbasat et al, 1987; Straus and Corbin, 1990). The research was primarily outcome rather than process oriented – seeking to identify the organisational factors that influence cosourcing decisions rather than the process of making those decisions (Patton, 2002).

Given the study was at an industry rather than an organisational level it was necessary to trade off breadth for depth with regard to the number of interviews conducted with each organisation. Furthermore the need to get an overarching view of an organisation necessitated interviews be conducted with senior management. However given the size of credit unions the senior decision making management body often comprised the CEO or General Manager alone. While not ideal such a situation is not unique and there are numerous instances of other research (for example Applegate and Elam, 1992; Watts and Henderson, 2006) where it has not been possible or has been nonsensical to conduct interviews with multiple actors within an organisation. Of course, where possible and appropriate multiple interviews were conducted within a credit union to provide internal triangulation. Furthermore in all cases it was possible to review documents such as annual reports and board papers.

A total of 14 credit unions were interviewed representing over 25% of the total asset base of the sector. Table 1. provides details of the individual credit unions. Interviews were between one and two hours in duration and a semi-structured interview protocol was followed. While the underlying rationale was purposeful it was deliberately non-directive so as not to

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3 A core banking system is the IT application that provides the core transaction processing capabilities – encompassing back office, origination, front office and teller processing activities – that enables a credit union to develop and manage its various savings and loans products.
preclude the emergence of factors and influences not previously considered (Patton, 2002). As such it is in line with the methodology presented by Eisenhardt (1989). Such an approach was useful in that it allowed the initial unit of analysis to be extended to incorporate the core banking system along with the supporting IT services when it was determined that the decision making process regarding the two were often intertwined.

Table 1. Credit union details

<table>
<thead>
<tr>
<th>Credit Union</th>
<th>Total assets</th>
<th>Interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>CU1</td>
<td>&lt; $100m</td>
<td>General Manager</td>
</tr>
<tr>
<td>CU 2</td>
<td>&lt; $100m</td>
<td>General Manager</td>
</tr>
<tr>
<td>CU 3</td>
<td>$100-$500m</td>
<td>CEO; IT Manager</td>
</tr>
<tr>
<td>CU 4</td>
<td>&gt; $500m</td>
<td>CEO</td>
</tr>
<tr>
<td>CU 5</td>
<td>&gt; $500m</td>
<td>General Manager; Finance Manager</td>
</tr>
<tr>
<td>CU 6</td>
<td>$100-$500m</td>
<td>CEO</td>
</tr>
<tr>
<td>CU 7</td>
<td>&gt;$500m</td>
<td>CEO; General Manager</td>
</tr>
<tr>
<td>CU 8</td>
<td>$100-$500m</td>
<td>CEO; Corporate Manager</td>
</tr>
<tr>
<td>CU 9</td>
<td>&gt;$500m</td>
<td>Deputy CEO</td>
</tr>
<tr>
<td>CU 10</td>
<td>&lt; $100m</td>
<td>Deputy Chairman</td>
</tr>
<tr>
<td>CU 11</td>
<td>&gt;$500m</td>
<td>Manager IT; Manager Finance</td>
</tr>
<tr>
<td>CU 12</td>
<td>$100-$500m</td>
<td>CEO</td>
</tr>
<tr>
<td>CU 13</td>
<td>&gt;$500m</td>
<td>General Manager; Finance Manager</td>
</tr>
<tr>
<td>CU 14</td>
<td>$100-$500m</td>
<td>CEO</td>
</tr>
</tbody>
</table>

With regard to analysis, data was first reviewed and coded in terms of its relationship to the organisational factors identified. Descriptive codes were used and interview transcripts coded in sentence or multi-sentence chunks. Such an approach is in accord with the recommendations of Miles and Huberman (1994) who suggest that the level of coding detail should be aligned with the objectives of the research. As also suggested by Miles and Huberman (1994) the data was then collated into conceptually clustered data displays in order to make it readily accessible.

Results

As outlined in the methodology the results of the case study interviews were codified and collated into data display tables. Here the key aspects of the content of those tables will be described and discussed. As Figure 1 illustrates, the interviews suggested that there are a variety of cosourcing models – differing in the depth of cooperation required and their scope.6

A major difference between the core banking systems is how licencing is handled and development funded. For one an overarching price structure has been negotiated but credit unions sign individual licences. With the others the head licence is owned by a credit union owned entity from whom individual credit unions take out sublicences. Key differences with regard to the cosourcing of IT services are whether the focus is primarily on buying power or operation, the service provided and whether the bureaus are owned by credit unions or third party commercial entities.

“The host agreements are all separate. So this is just purchasing power. What we’re trying to do is to get as much of the cost benefit without selling your soul. We think we’ve got a half way house. So why go that extra step if you don’t have to. That’s our position.” CU3

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6 It should be recognised however that the distinction between aggregating demand and joint operations or development are not generally absolute but more of a continuum. For example even where the focus is on providing purchasing power there will often be a mechanism set up to manage the relationship – to a greater or lesser degree – between the group of credit unions and the supplier.
With regard to the organisational dimensions suggested it was possible to identify both key themes within each and differences between credit unions.

**Strategy**

Interviews suggest that three distinct business strategies have emerged within the credit union sector:

- *Business as usual* where the emphasis is on serving and increasing sales to existing customers
  
  “What we want to do .. over the next 12 months, is really focus on our core part of our institution ... and make sure they see us as a value add.” CU1
  
  “meet the needs of those members that you’ve got, and try and grow to some extent, and sort of basically by, I don’t know, minimising costs as much as you can and keep your products as relevant as possible to your member base” CU6

- *Merger* where the focus is on growth by aggregating the customer base of previously separate customer bases

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**Figure 1. Core banking system and hosting options**

<table>
<thead>
<tr>
<th>Core banking system 1</th>
<th>IDPC A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head contract; credit unions primarily jointly agree and fund developments which are ultimately determined and undertaken by the commercial provider</td>
<td>Credit union owned service provider</td>
</tr>
<tr>
<td>CU4</td>
<td>CU14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Core banking system 2</th>
<th>IDPC B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate purchasing power; individual credit union contracts; developments determined and undertaken by the commercial provider</td>
<td>Credit union owned intermediary manages the relationship and provides a subset of services</td>
</tr>
<tr>
<td>CU6</td>
<td>CU9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Core banking system 3</th>
<th>Commercial services provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head contract; development determined and undertaken by the credit union owned bureau; system and bureau bundled</td>
<td>Provides the bulk of hosting services, no direct contact with individual credit unions</td>
</tr>
<tr>
<td>CU5</td>
<td>CU7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Core banking system IT services</th>
<th>Commercial services provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inhouse provision</td>
<td>Credit unions aggregate purchasing power but have individual contracts</td>
</tr>
</tbody>
</table>

| CU1 | CU2 | CU8 | CU10 | CU12 |

IDPC A

Credit union owned service provider

CU4

CU14

IDPC B

Credit union owned intermediary manages the relationship and provides a subset of services

CU6

CU9

CU11

IDPC C

Head contract; development determined and undertaken by the credit union owned bureau; system and bureau bundled

CU5

CU7

Commercial services provider

CU3

CU13
“view was that we needed a fundamental change in the structure of the industry so that we have larger and larger players” CU4

- **Diversification** where the view is that the existing *modus operandi* of credit unions is fundamentally broken and needs to be reinvented – typically with an evolution to the role of a broker of a broad range of financial products

  “I just don’t think the business model for credit unions is sustainable going forward…[need to] reinvent yourself somehow” CU3

**Structure**

The structure of credit unions appears to tend towards one of two alternatives. The first corresponds to a craft or simple structure where jobs are interchanged and management is concentrated.

  “only small.. all have multiple roles” CU1

  “The manager makes all the decisions.. often we have to share staff to knock specific job functions off” CU10

The second is more bureaucratic with a more elaborate, specialised and formalised structure.

  “We have brought specialist people in” CU13

  “takes twelve months to dot the i’s and cross the t’s to make investment decisions.. a bit lumbering.. at a certain size the complexity of what you’ve got, takes that much more management” CU3

**Management**

For a number of credit unions a defining management characteristic appeared to be stability and longevity.

  “All chief executives have come from within. We tend to develop the people who fit the culture” CU9

For others it was more about management expertise being a limited or stretched resource.

  “the big credit unions .. have expertise and they have the skills.. they’ve got those resources, where we don’t.” CU14

The two were not necessarily mutually exclusive

  “it’s the board – the management, it’s a very long standing management.. A lot of other credit unions you have got people making decisions that are really coming and going out of the industry” CU11

  “In an organisation of 150 to 200 you have got this certain group of staff .. at senior officer level .. not only involved strategically but at the operational level and the analysis” CU11

In many cases the required skill set also appeared to be changing to become more commercial and analytic

  “I think there is more of a focus on those hard business skills like BAs, risk managers, legals” CU9

**Technology**

In terms of information technology it was widely accepted that the sector as a whole follow rather than lead. There were still differences though with regard to perceptions of the contribution technology could offer and dependency upon it – both in terms of what it could enable and the requirement for it to be 24/7 and “bulletproof”

  “The smaller credit unions were saying, well, I don’t want all this fancy stuff .. we’re never going to get into web-banking, we don’t want bill payment stuff on-line. We’re a small industry based local credit union with 200 members and we just want to be able to run a pass book, and a couple of loan funds” CU12

  “the business processes are being embedded within the technology” CU9

  “One hundred per cent, no down time” CU3
Individual roles/skills

A common theme was for credit unions to have multi-skilled personnel. There was variation though with regard to whether this was a desired objective or a necessity due to the lack or resources available. Furthermore while some credit unions were seeking to upskill employees others seemed to heading in the opposite direction – at least for some more support oriented roles.

“we have a small team and they have to be multi-dimensional” CU11
“people may have multiple roles also, you know, managing multiple departments” CU14
“We are very big on training here” CU9
“You’ve got to remember these people come from a banking environment, where they had no tertiary qualifications, generally... where possible we want to make jobs step by step” CU3

Environment

The most significant environmental factor for most credit unions appeared to be increased competition between credit unions – though often under the guise of “choice” –as previous boundaries between distinct customer bases dissolve. This was particularly true for many company or industry based credit unions.

“We sort of rationalise it this way. And I think this is by and large how it operates, in some markets it’s not quite so competitive, but generally speaking you can say credit unions will not compete against each other, but there might be choice” CU4
“The modern manager of today is far more fiercely competitive than the earlier cooperative management style of an earlier time.” CU6
“our members are very loyal and very faithful and they do see us like a club” CU9

Resources

Credit unions varied with regard to how resource constrained they are. Some appeared to struggle to invest in anything beyond day-to-day operations. Others had some discretionary funds available – though typically it was recognised that these were limited and valuable and the credit unions were thus very cautious in applying them.

“We develop these things, we get them up to a certain standard, but we can’t actually take them to the next level, we don’t have the resources” CU1
“money we can funnel into product development or process improvement type areas .. afford to fund it. As long as there was a business case to make a profit at the end of the day” CU9

History

Interviewees expressed differing views regarding the merits of the historical ethos of cooperation ranging from it being a cornerstone of the sector and their credit union to having no choice but to cooperate to survive to preferring to go it alone.

“we weren’t always happy with the collective decisions of the whole. The fact that the collective decisions of the whole meant that every credit union was the same and where we felt that we could do a better fist of it ourselves” CU11
“share because we need to... where the bigger guys have got the resources to do their own thing we don’t” CU1
“there’s a lot of smaller ones that are comfortable there [working together] because the values and the ethics of the organisation are consistent’ CU12
Proposed gestalts

In toto there appeared to be sufficient similarities between groups of credit unions – and differences between those and other credit unions – to enable the development of gestalts – all be it provisionally at this stage. Clearly not all credit unions fit perfectly into each gestalt – for example while CU4 and CU5 both view their core banking system as a foundational infrastructure one is of the opinion the way it is used permits differentiation while the other does not. Those credit unions grouped within a particular gestalt however do share core differentiating characteristics – emphasised in bold in table 2.

Proposed gestalts:

No choice – Credit unions that are typically among the smallest are concentrating on servicing an existing – often shrinking – customer base face with limited resources and need to work together to survive.

Stable – With a secure customer base long standing management is focused on improving internal products and processes to service them.

Consolidate – Credit unions believe that size will yield efficiencies and are focused on growing their customer base through merger. Often seeing maximising efficiencies and driving down costs as key, the stability and reliability of technology is paramount

Diversify – Credit unions do not believe the traditional business model will be sustainable going forward and are seeking to diversify into other financial services – often serving as a broker. It is recognised that common technology needs at the core of the business still exist and as such there are benefits from aggregation. Beyond the core though credit unions want to maintain independence and the flexibility to pursue their own requirements.

Table 2. Gestalt characteristics

<table>
<thead>
<tr>
<th>Gestalt</th>
<th>Status</th>
<th>Configuration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Environment</td>
<td>History</td>
</tr>
<tr>
<td>No choice</td>
<td>Increasingly competitive - still focused on historical customer bases but often these are leaking away</td>
<td>Severe limited</td>
</tr>
<tr>
<td></td>
<td>Secure customer base</td>
<td>Sufficient</td>
</tr>
<tr>
<td>Stable</td>
<td>Increasingly competitive as traditional customer base no longer sufficient/secure</td>
<td>Sufficient – recognise that may not always be so</td>
</tr>
<tr>
<td>Consolidate</td>
<td>Increasingly competitive – believe traditional CU markets and approaches no longer sustainable</td>
<td>Sufficient – recognise that may not always be so</td>
</tr>
</tbody>
</table>

The proposed Gestalts appear – with some exceptions – to map to specific cosourcing choices (see Figure 2). For the exceptions it is possible to speculate as to the cause. For example there is some evidence to suggest that CU8’s choice may have been shaped by its environment becoming more competitive than that of the other stable credit unions and it
consequently being compelled to reassess the appropriate balance between efficiency and control. Similarly CU12 and CU14 appear to face more competition than their diversify peers and be less capable of responding to it. As such they might have felt a greater need to trade off more flexibility for reduced costs by moving to jointly operated IT services. As for the differences between the choices of CU12 and CU14 themselves, it should be remembered – as illustrated by Figure 2 – that not all potential combinations of core banking system and IT service are available. CU12’s choice of core banking system does not provide for a choice of joint development while CU14’s requires it.

<table>
<thead>
<tr>
<th>IT services</th>
<th>Core banking system</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inhouse</td>
<td>Aggregate demand</td>
<td>Joint development</td>
</tr>
<tr>
<td>CU6</td>
<td>CU9</td>
<td>CU11</td>
</tr>
<tr>
<td>Aggregate demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CU1</td>
<td>CU2</td>
<td>CU8</td>
</tr>
<tr>
<td>Joint operation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CU10</td>
<td>CU5</td>
<td>CU12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CU7</td>
</tr>
</tbody>
</table>

Figure 2. Principal cosourcing choices

Conclusion and future research

It is clear from the research that credit unions are not generic and that organisational factors appear to influence the cosourcing decision. It has however been possible to propose a series of Gestalts which highlight the influence, in particular, of an organisation’s competitive environment, available resources and strategy. The gestalts suggest that the availability of cosourcing and the benefits achievable will vary across SMEs.

In terms of future research, at this time also no attempt has been made to determine which Gestalt is the most likely to lead to long term success. It would thus be of value to revisit the credit unions in two or three years time to see what, if any, changes have occurred. It is possible for example that diversification is not an appropriate approach or not sustainable for all the credit unions currently following it. It would also be useful to examine how the ecology of credit unions changes over time. Cosourcing introduces an additional dimension to dependency – dependency upon other credit unions – thus while the choice made by a credit union will direct it along a particular trajectory the appropriateness of that trajectory will likely be determined in part by the actions of other credit unions. Most obviously, the ability to consolidate may be shaped by the number of other credit unions using your IT service provider, and especially, core banking system.

Future research could usefully seek to look in more detail at cosourcing structures. Is there for example an optimum number of participants beyond which the incremental transaction costs of managing the cosourcing arrangement outweigh the incremental scale benefits. Are there preferred compositions – for example that avoid or embrace the inclusion of a partner that is of a significantly larger scale than the other participants. What is the optimum number of alternative cosourcing providers and is this sustainable within a sector. It might also be of value to examine the impact of different legislative frameworks on cosourcing. Such frameworks may be more or less accommodating of cooperation per se or of initiatives that, for example, seek to limit the number of participants to the exclusion of organisations in a sector (see for example Mariti and Smiley, 1983).

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7 Obviously a credit union can subsequently revisit and change its choice – but at a cost and it is not clear that long term implications are considered as part of the decision making process which is rather focused upon cost and efficiency: “the only issue then became price really” CU7
References


