Chapter XII

Outsourcing and Information Systems Development: How Complementary Corporate Cultures Minimize the Risks of Outsourced Systems Projects

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Abstract

Many firms outsource creation of program code for management information systems, but not all experiences are successful. Although some researchers and practitioners are quick to blame failures on differing country cultures, this does not appear to be the reason. Rather it is the compatibility or differences in corporate cultures between the client company and the outsourcing partner that may help or hinder the development of quality
systems. In this chapter we examine the metaphors found in the language of client corporations and outsourcing partners and explain how to look for compatibility when designing various types of information systems including traditional MIS, decision support systems, expert systems and AI, executive information systems, cooperative systems, and competitive systems. We explain how the development of certain types of systems can benefit from situations where more positive metaphors exist and offer some guidelines for the MIS practitioner, thereby minimizing risk and increasing the likelihood of a more successful client company-outsourcing partner relationship.

Introduction

“We will first crush our competition in the Northwest, then we’ll annihilate them completely,” is a quotation we heard not long ago from a company that wanted to stop at nothing short of “global domination” in their industry. They were building a new Web site and were determined to be the amazon.com of their field. It was clear to us that this company could and eventually would design a Web site that was innovative and customer-oriented to sufficiently reach premier, number one status in their industry.

If, however, they decided to outsource the design and construction of their Web site, would they still be able to speak successfully in those terms? Would their outsourcing partner need to adopt the same language and extreme philosophy? Would a more suitable metaphor be more appropriate for the outsourcing partner? Can we predict, encourage, and even change the probability of success of a client company-outsourcing partner relationship using metaphors? Those are the questions we examine in this chapter.

Corporate culture is defined as “The moral, social, and behavioral norms of an organization based on the beliefs, attitudes, and priorities of its members” (Corporate culture, 2005, p. 1). One manner in which we create, convey and maintain a corporate culture is through the shared use of metaphors. Metaphors are artifacts of culture that reflect the culture but also create the organization by giving voice to beliefs, attitudes, and priorities in a uniquely symbolic and meaningful manner.

One must be cognizant that organizations always support many diverse cultures (which are more appropriately called subcultures). Hence, organizations accommodate the use of multiple metaphors. However, there is usually a predominant metaphor that crystallizes the reality of the culture for its participants in such a profound way that it clarifies the underlying morals, social expectations, desired
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