

With M. Cheon, J. T. C. Teng. (1994) "An Evaluation of the Impact of Corporate Strategy and Role of Information Technology on IS Functional Outsourcing," *European Journal of Information Systems*, Vol.3(3), 179-190.

Information systems (IS) outsourcing, or the turning over of IS functions to an external vendor, is proliferating among business firms. This study represents an early attempt at understanding motivations of IS outsourcing. Outsourcing is discussed as an administrative process innovation, and initiation (or the need to innovate) was examined. Resource based perspectives are discussed in order to motivate the propositions which relate resource gaps to the extent of IS outsourcing. It is suggested that organizational strategy and the role of information technology (IT) would moderate this relationship. Data were gathered through a survey of 188 IS executives to test the propositions with carefully validated measures for the outsourcing of five IS functions. The results indicate that outsourcing is indeed strategic. Organizational strategy and role of IT both had a profound impact on the base relationship between gaps and outsourcing. The discussion then attempts to explain the changes in the base relationship consistent with the exploratory nature of the study.