Chapter 10
Framework for Managing Shared Knowledge in an Information Systems Outsourcing Context

Hanlie Smuts
https://orcid.org/0000-0001-7120-7787
Department of Informatics, University of Pretoria, South Africa

Paula Kotzé
Department of Informatics, University of Pretoria, South Africa

Alta Van der Merwe
Department of Informatics, University of Pretoria, South Africa

Marianne Loock
https://orcid.org/0000-0001-8005-716X
University of South Africa, South Africa

ABSTRACT

Both information systems outsourcing and knowledge management are well-established business phenomena. Regardless of organisational reasons for information systems (IS) outsourcing, knowledge remains the single most important resource for organisations to be managed. In an attempt to provide tactical mechanisms for creating and managing shared knowledge in organisations embarking on IS outsourcing arrangements, this chapter focuses on the design and application of a knowledge framework for IS outsourcing, with the purpose of guiding organisations in their knowledge exchange planning through concrete mechanisms, practical steps, and validation. Key considerations for information systems outsourcing is mapped

DOI: 10.4018/978-1-7998-2355-1.ch010

to critical success factors, each associated with a set of knowledge requirements and knowledge flows to support the successful achievement of a specific critical success factor. An associated assessment tool was designed to identify knowledge exchange mechanisms and potential issues and gaps in current or future information systems outsource arrangements.

INTRODUCTION

Information system (IS) outsourcing is an organisational practice aligned to organisational objectives of transferring all or a part of the organisation's IS functions to an independent third party under the terms of a formalised agreement (Globerman & Vining, 2017; Reyes González, 2016). Through outsourcing, an organisation gains access to expertise, knowledge and capabilities of its outsource partner (Brown & Fersht, 2014).

Knowledge is an essential consideration for IS outsourcing activities and choices from two perspectives. Firstly, organisations share organisational knowledge with the outsource vendor through the outsourcing process and, in turn, acquire external knowledge from the outsource vendor (Mansingh, Osei-Bryson, & Reichgelt, 2009; Tajdini & Nazari, 2012). Secondly, the transfer of knowledge is important for the vendor selection and contract negotiation period, the implementation and service transfer period and all the way through the contract management and contract maintenance period (Mansingh et al., 2009; Zelt, Wulf, Uebernickel, & Brenner, 2013). Since the loss of knowledge may impact both the organisation and outsource vendor negatively, particular and focussed attention is required in order to develop and sustain the creation of new knowledge, as well as sharing existing knowledge (Alexandrova, 2012; Willcocks, Hindle, Feeny, & Lacity, 2004).

Multiple research studies in the past focused on the impact of knowledge-sharing mechanisms on shared knowledge and outsourcing accomplishment (Beyah & Gallivan, 2001; Blumenberg, Wagner, & Beimborn, 2009; Fehrenbacher & Wiener, 2019), while little consideration has been given to theoretical frameworks guiding an understanding of IS outsourcing specifically (Beyah & Gallivan, 2001; Jennex, 2017; Jennex & Adelakun, 2014; McIvor, 2000). One aspect that lacks attention is the management of knowledge-based assets in IS outsourcing. (Currie & Pouloudi, 2000b) argue that the growing practice of IS outsourcing encourages researchers to study the value of knowledge-based assets, as well as the degree to which knowledge-based assets can be obtained or lost through IS outsourcing. Teo (2012) agrees that, while scholars highlight the significance of knowledge management in IS outsourcing, little research has been concluded on how organisations manage knowledge in outsourcing circumstances. A need therefore exists for the establishment of a set of