



Information Systems, Offshore Outsourcing, and Relevancy in the Business School Curriculum

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ABSTRACT

Offshore outsourcing has been a growing phenomenon in recent years. Rarely will an IT professional pick up a trade publication or journal without some article relating to outsourcing or offshore outsourcing. This in turn raises the question for IS educators—what should we be doing to better prepare our graduates for a future where offshore outsourcing is a reality? This article looks at the following topics as they relate to IS curriculum matters for outsourcing: Offshore outsourcing and success factors, the skills needed to effectively manage offshore outsourcing, a look at offshore outsourcing and the IS2002 model curriculum, suggested changes to IS2002 to incorporate offshore outsourcing education, and what skills from IS2002 are vital in preparing students for the future.

Keywords: IS2002; IS curriculum issues; offshore outsourcing; success factors

PURPOSE AND MOTIVATION

With the seemingly preponderance of jobs being outsourced to overseas locations (Athinson & Wial, 2007; Beckman, 2003; Bronfenbrenner & Luce, 2004; Mandel, 2003; Pednekar-Magal & Remlinger, 2006; Raynor, 2003; Shao & David, 2007) coupled with the pronounced reduction in student enrollment in MIS/IS/IT/CIS programs in colleges and universities throughout the world (Ferguson, 2004; Ferguson, Kussmaul, McCracken, & Robert, 2004; Hoganson, 2005;

Swanson, 2005), IS-related programs are perceived to many entering American freshmen as being a discipline to avoid, especially as it relates to career potential. In Australia, student numbers in MIS programs have been severely reduced (DEST, 2007), programs cut, faculty retrenched, and programs merged. These actions have taken a toll on business. Avison, Gregor, and Wilson (2006) write that the managerial mindset of some very large businesses is such that there is a belief that “IT doesn’t matter” and that “the outsourcing of major projects will

effectively transfer all risks.” This short-sighted view is reported to have resulted in at least one company going bankrupt and two others sustaining extreme financial losses.

The long-term future for IS education seems bleak at best unless the IS curriculum is reoriented to address these critical issues that are also apparently neglected by some businesses, and our instruction is modified to make IS graduates more appealing and productive to business. But is such a reorientation possible? Thomas Friedman (2005) writes that with the cabling of the Indian subcontinent, massive offshore outsourcing of many tasks has occurred and many more will follow. Thus, a fully functional channel for the transmission of digital media exists in a country with an outstanding educational system, and where there exists a highly educated population of young men and women willing to work for a fraction of the money that similar skill sets command in the United States and other developed countries. American industry seemed to flock to India and the Philippines for technology support and then to China, Singapore, Korea, and now Vietnam for industrial workers. Companies in Europe, notably Iceland, outsource primarily to the Baltic nations with some secondary activity in India.

Articles abound in professional magazines such as *InformationWeek* (Preston, 2006), *Network World* (Sayer, 2006), *CIO Magazine* (Rosenbaum, 2006), and *InfoWorld* (Margulius, 2006) attesting to the movement of positions and corporate functions to offshore locations. Such a transfer of jobs is definitely in the best interests of other countries as their employment rises and generally is in the financial best interest of the company that initiated the offshoring. But, such offshoring can cut into IT employment in the originating company, more so in American and Australian companies than in Icelandic companies. While small to medium-sized companies may not have the wherewithal to engage in offshore outsourcing, outsourcing is part of doing business and is already well-established. The concept of outsourcing has evolved. On the one hand an organization can assign particular tasks

to other offshore companies, called “offshore outsourcing,” or a company can move parts of its operations to offshore locations, called “offshore in-sourcing” (Gupta, Mukherji, & Ganguly, 2007). For purposes of this article, we consider outsourcing to be the transference of noncore tasks from one company to another different company that specializes in that particular task, so that it can be performed more efficiently and effectively. Outsourcing need not require that the company receiving the task be in another country, but offshoring does require the receiving company to be located in another country. We use the term *offshored* to mean offshore outsourcing. When a task is offshored, the overall number of available jobs decreases in the originating country. To reduce confusion among the readers, we use the words *offshore outsourcing* or just *offshoring* throughout the article. The term *outsourcing* is not to be treated as a synonym for offshoring and is meant to mean the transference of IT-related tasks to another company, regardless of geography. Further, we focus on curriculum redesign from the client perspective. Throughout this article, issues of curriculum are based on client need, and we offer no argument to issues of accreditation agency required courses, limited numbers of credit hours that are available in a traditional curriculum, and other matters that are significant but not addressed here.

The transfer of jobs is not a new phenomenon for offshore outsourcing of tasks has been a regular occurrence of American business; the transfer of IS tasks presumes that it may no longer be a core competency in building business value.

A strong case has recently been made (Davis, Ein-Dor, King, & Torkzadeh, 2004) that offshoring can open up many opportunities for modifications in the IS curriculum, and that America has always done its best when it has been challenged (Friedman, 2005). This article addresses the curricular issues of offshoring and how IS programs can adopt and benefit from this paradigm change.

The article first introduces offshore outsourcing (and indirectly Global IT Manage-

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