

Quizlet

Outsourcing and Governance

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Terms in this set (7)

Outsourcing

A decision by a corporation to turn over much of the responsibility for production to independent suppliers.

Insourcing (in-house development)

A common approach using the professional expertise within an organization to develop and maintain the organization's information technology

Outsourcing challenges	<p>Length of contract</p> <ul style="list-style-type: none">- Difficulties in getting out of a contract- Problems in foreseeing future needs- Problems in reforming an internal IT department after the contract is finished <p>Threat to competitive advantage</p> <p>Loss of confidentiality</p> <p>The Myki Case Study</p>
Reasons for outsourcing	<p>Core competencies</p> <p>Financial savings</p> <p>Rapid growth</p> <p>The Internet and globalization</p>
transaction cost economics	<p>A theory that centers on whether it is cheaper for a firm to make or to buy the products that it needs.</p>
RBV (Resource Based View)	<p>Competitive advantage stemming from a resource that is valuable, rare, inimitable and non-substitutable</p>
Agency Theory	<p>Agency theory suggests that IT function can be outsourced when:</p> <ul style="list-style-type: none">- the agent (vendor) and the principal (client) have common goals (e.g. Maintaining good relationships by having cost efficient IT services)- When both parties share same degree of risk willingness (e.g. Strong protection from fraud, virus attack)- The actions of the agent (vendor) can be monitored by the principal (client company) with confidence using sound contracts

THIS SET IS OFTEN IN FOLDERS WITH...**Business Processes**

37 terms

☐ David12d**Business Information Systems**

19 terms

☐ David12d**Lean & Quality**

18 terms

☐ David12d**Characteristics of valuable information:**

11 terms

☐ Khalid_Berwari