

## **The sense of outsourcing: the viability of outsourcing business research and information services**

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### **Introduction**

Outsourcing defines a range of strategies for organising and providing services to the organisation through the delegation of work to designated partners. Observations of the market for business research and information services would indicate that outsourcing is widespread practice, even if its nature has been described “embryonic” (Ward, 2004, p. 227). Large, well-known companies in the financial sector, such as Abbey, American Express, Deutsche Bank and Standard Chartered (Bolanos, 21 January 2005), GE Capital (Plumb, 2004, p. 4), and McKinsey, Bain, Goldman Sachs and Lehman Brothers (Taylor, 2004, p. 5) rely on partners to cover the research requirements of their in-house analysts. A review of the portfolio of services offered by such companies, who can all claim high-profile clients, indicates growth in this particular industry sector (Ward, 2004, p. 232). However, there is little evidence available to provide a strong assessment of the true extent to which business research and information services in UK firms are outsourced, or of the benefits and risks of outsourcing as a business strategy. It is suspected that one reason for this is that many companies are reluctant to admit to delegating work to a third party. This is particularly pertinent when prevalent outsourcing practice is to sub-contract to partners remote from the UK: some estimates have suggested that 80% of outsourcing activity is provided in India, and the market is growing in Eastern Europe (Fields, 2005). So, whilst there is an established body of literature on outsourcing in general (for example, Johnson, 1997), and IT outsourcing in particular (see, for example, Lacity & Willcocks, 2001), as well as some material on outsourcing in library and information services (LIS) - albeit mainly focused on public sector concerns (for example, Ball, Barton, Earl & Dunk, 2002; DNH, 1995) - its relevance to business research and information services provision has not been explored extensively. Indeed, to date only one significant report exists on this theme in the context of the business information environment, namely the work of Ward published in 2004.

This paper first presents a review of published literature of relevance to the outsourcing of business research and information services. The noted paucity of extant publications in this specific area of library and information studies has necessitated consideration of trade and professional press contributions alongside the more formal report of research work completed by Ward (2004). Pantry and Griffith's 2004 monograph *Managing outsourcing in library and information sources* - the most significant UK publication on outsourcing LIS to date - is also used to set the context for the article's report on findings of a small-scale research project into perceptions of outsourcing in the business information sector. The individuals surveyed for the empirical work reported here were members of the UK business information community who have experience of establishing relationships with external partners, as well as representatives from three outsourced business research and information service providers. The work as a whole set out to establish whether business research and information services delivery can be improved through the use of a third party, and to identify strategies which heighten the likelihood of this being achieved. It has also been possible to consider how the adoption of such outsourcing strategies impact career roles of business information professionals. The scope of the work is thus tightly focused on the specific theme of outsourcing for a particular application of library and

information work, viz the provision of business research and information services in corporate environments, one which has been neglected in the literature to date<sup>1</sup>.

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### **Outsourcing in the context of business research and information services provision**

A review of relevant, and recent<sup>2</sup>, literature reveals that the term “outsourcing” represents a number of activities related to the delegation of work from one unit to a third party. There are different “flavours” of outsourcing, as shown in Table 1. In short, the understanding of the term depends upon whether:

1. the work is delegated to a third party within the same organisation, or externally;
2. the physical location of the staff who carry out the delegated work is within same country as those who delegate the work to them, or abroad.

**Table 1: Forms of outsourcing**

<b>Work completed</b>	<b>By internal staff</b>	<b>By external staff</b>
<b>In same country</b>	Sometimes, but not normally labelled as outsourced service.	Not normally labelled as outsourced service. More likely to be labelled “contracting out” or “externalisation”.
<b>Abroad, e.g. India</b>	Often labelled as outsourced service. Also known as “off-shored service”, or “captive” outsourcing.	Normally labelled “outsourced service”.

The label of “outsourcing” is relatively new to information professionals. However, practices classified as “externalisation” and “contracting out” have been commonplace in LIS for many years for activities such as routine book servicing, IT/computer support, journal subscription services, and library security, cleaning and catering (Pantry & Griffiths, 2004). Indeed, the Library of Congress had been offering an outsourced cataloguing service for over a century by the time that it closed in 1997, long before the new term of “outsourcing” entered the business vocabulary (Pantry & Griffiths, 2004, p. 34). Ward (2004) identifies a range of LIS activities relevant to the business information and research community as possible candidates for outsourcing: enquiry services, current awareness and alert services, and in-depth research such as “market profiles, financial reviews and competitor analyses; due diligence on potential clients; sector and industry reviews; competitor intelligence and benchmarking; market research, including primary research” (pp. 231-232). An examination of outsourcing activity that is more “established” in LIS work shows

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<sup>1</sup> The literature review provided in this article thus concentrates on publications which match the tight scope of the study reported in the article. Earlier work has attempted to consolidate the broader literature of outsourcing in LIS, for example Ball et al (2002), and it is to this that readers are referred for an overview of the topic of outsourcing of library and information services in general.

<sup>2</sup> The outsourcing environment has changed significantly in the past three years, most notably in the emergence and uptake of off-shored business information and research services based in countries such as India. For example, in their report Ball et al (2002) do not mention off-shored services and refer to a paucity of suppliers for the provision of information services. For reasons of relevance and currency, the focus of the literature review for this study thus falls on publications from 2003 onwards.

that this has traditionally been concerned with two main functions. These are: (1) servicing library “space” - for example, security and cleaning - and (2) facilitating document delivery - for example, journal subscription services. More recently we have witnessed an extension of LIS outsourcing possibilities from these two functions (which *support* the provision of information services) to the delivery of *information per se*. Aligned to this has been a growth in the number of firms that offer outsourced business research and information services, as listed in Table 2 below.

**Table 2 – Firms that offer outsourced research and information services**

Name	Web site
British Library	<a href="http://www.bl.uk/services/information/research.html">http://www.bl.uk/services/information/research.html</a>
Business 360	<a href="http://www.business360.com">http://www.business360.com</a>
Business Insight	<a href="http://www.birmingham.gov.uk/businessinsight.bcc">http://www.birmingham.gov.uk/businessinsight.bcc</a>
Evaluserve	<a href="http://www.evaluserve.com/home.asp">http://www.evaluserve.com/home.asp</a>
Freshminds	<a href="http://www.freshminds.co.uk">http://www.freshminds.co.uk</a>
FT Research Centre	<a href="http://www.ft.com/research/how">http://www.ft.com/research/how</a>
Guideline	<a href="http://www.guideline.com">http://www.guideline.com</a>
Integreon	<a href="http://www.integreon.com">http://www.integreon.com</a>
Netscribes	<a href="http://www.netscribes.com">http://www.netscribes.com</a>
Office Tiger	<a href="http://www.officetiger.com">http://www.officetiger.com</a>
Outsource to India	<a href="http://www.outsource2india.com">http://www.outsource2india.com</a>
Perfect Research	<a href="http://www.perfectinfo.com">http://www.perfectinfo.com</a>
Pipal Research	<a href="http://www.pipalresearch.com">http://www.pipalresearch.com</a>
Rocsearch	<a href="http://www.rocsearch.com">http://www.rocsearch.com</a>
Scope eKnowledge	<a href="http://www.scopeknowledge.com">http://www.scopeknowledge.com</a>
Smart Analyst	<a href="http://www.smartanalyst.com">http://www.smartanalyst.com</a>
Thomson First Direct	<a href="http://www.thomson.com">http://www.thomson.com</a>
WNS	<a href="http://www.wnsgs.com">http://www.wnsgs.com</a>

### **Perceived benefits and risks of outsourcing research and information services**

The opportunity to reduce operating costs is a strong business driver of a decision to outsource operations (Bolanos, 2005, p. 22; Plumb, 2004, p. 24; Ward, 2004, p. 232). It was identified as the main driving factor in a study conducted by Perfect Information (Nicosia, Fisher & Isert, 2003, p. 10). The anticipated savings are primarily in lowered costs for labour. Ward explains that the “attraction offered by significant wage differentials has... stimulated moves of in-house production to lower wage economies” (2004, p. 228). Claims of savings to be made range from 30-40% in general (Bolanos, 2005, p. 25), to 40-70% for wages alone (Plumb, 2004, p. 24). The best savings overall come with bigger pieces of work (Bolanos, 2005, p. 22) and for those that “involve a series of small, but continuous or somewhat replicable, research requirements” as opposed to one-off projects (Bolanos, 2005, p. 23).

The potential to increase organisational efficiency in business research and information services provision is cited as a benefit that outsourcing operations can bring. For example, Business Insight reported improvements in organisational decision making as a result of outsourcing (Pantry & Griffiths, 2004, p. 40). Another study has shown that when two sets of employees have access to the same online sources, the quality of business research work produced by an outsourced agency is of similar, or better, quality than that of the home team in the UK (Taylor, 2004, p. 5).

A further commonly identified benefit of subcontracting work elsewhere is an enhanced ability to manage workflow more readily, especially:

- in periods of peak demand when there is a local shortage of staffing resource (Bolanos, 2005, p. 22; Pantry & Griffiths, 2004, p. 39-40; Ward, 2004, p. 232);
- when additional work comes into the organisation in an ad hoc manner (Pantry & Griffiths, 2004, p. 40);
- to extend service provision to a 24/7 model (Nicosia, Fisher & Isert, 2003, p. 10);
- to take advantage of a broader skills set than that held in-house (Plumb, 2004, p. 24; Ward, 2004, p. 227).

For example, joint research by TFPL and Business 360, which comprised a survey of 80 research centres, demonstrated that 25% had used outsourcing as a solution to capacity overload. There are specific times in an organisation's lifecycle during which outsourcing can help alleviate particular workflow difficulties. These include, for example, periods when a service is emerging from a downsizing exercise (Pantry & Griffiths, 2004, p. 39). Equally, delegating certain *types* of research to outside organisations contributes to organisational work flow efficiency. For example, it is appropriate for business-to-business market research to be conducted in this way (Taylor, 2004, p. 5).

The outsourcing of some business research information services work to external agencies can enhance the remaining in-house services provision. When other work is delegated outside the organisation, the focus of the in-house business information and research service falls on core activities, and especially on those associated with higher value operations (Nicosia, Fisher & Isert, 2003, p. 11) such as work which comprises analysis, reporting, business development (Ward, 2004, p. 235). Information professionals find themselves as the link between end-users and the outsourced team in meeting use information needs, and thus play a key communications role (Taylor, 2004, p. 6). The argument for adopting an outsourcing strategy in order to release staff for higher level work is that "by outsourcing the more menial and laborious tasks it frees up the internal staff... to focus on high value work... allowing [in-house] researchers to move up the value chain" (Plumb, 2004, p. 24). Staff are grateful that it is no longer they personally who have to respond to customer demands for services that the organisation is still able to continue to provide, and they may also be inspired to deliver the services remaining in-house to a higher standard with the knowledge that these may also be outsourced (Ward, 2004, p. 234). The external delegation of some work can offer the advantage of providing an opportunity for in-house service development. For example, Birmingham's Business Insight was able to offer one-to-one services to clients following a decision to outsource some of its other operations (Pantry & Griffiths, 2004, p. 40).

Outsourcing business research information services may appear to offer a number of advantages over keeping provision in-house. However, there are several issues that need to be taken into consideration, including the impact that a decision to outsource has on existing staff, service productivity and quality. These factors are discussed in more detail below.

Whilst reduction of costs features as a primary goal of initiating an outsourcing agreement, this is not always easily achieved. Several cases have been reported where the costs of outsourcing have been greater than the savings, or where the effort required to manage the savings actually destroys them (Pantry & Griffiths, 2004, p.16, p. 40). For example, Perfect Information's research revealed that the small size of information services in law functions mitigated against consideration of adoption of an outsourcing strategy (Nicosia, Fisher & Isert, 2003, p. 10). A further drain on resources can be the amount of necessary quality filtering: "any cost benefit will be considerably reduced if inward and outward filtering need to continue long-term" (Ward, 2004, p. 235). Organisations need to be aware of the investment required to recruit and train staff in agencies that offer outsourced services provision, especially in Indian companies where attrition rates are high (Plumb, 2004, p. 25) and, in some cases, as much as 30% (Bolanos, 2005, p. 23). As the outsourcing industry has established itself in India costs have risen: there is wage inflation (Plumb, 2004, p. 25) and associated poaching of staff from one firm to another (Nicosia, Fisher & Isert, 2003, p. 11). The outsourcing agency may pass these labour costs back to the client. This only adds to expense at a time when the client firm may be contending with the financial

commitment necessary to ensure that existing staff are adequately trained to deliver maximum benefit from the outsourcing agreement (Pantry & Griffiths, 2004, p. 40). Moreover, it is easy to ignore the hidden costs of setting up an outsourcing agreement, such as the time commitment: "the outsourcing process takes years of effort and planning with no immediate returns. Just to locate a service provider is costly enough: a high degree of due diligence is required and the travel expenses through maintaining relationships... should be taken into account" (Plumb, 2004, pp. 24-25).

Pantry and Griffiths (2004) demonstrate how much of the extra work load is associated with managing outsourcing relationships in general, most notably the one between the organisation and the supplier. Workload issues that arise when dealing with suppliers include:

- managing disputes over the contract (p. 69);
- dealing with a provider that fails to deliver service to the agreed level (p. 77, p. 132);
- devising strategies for compensating for the inadequacies of the outsourcing agency in the face of customer expectations (p. 19, p. 136), which may have been raised in advance of the implementation of the new service (p. 14).

Other relationships that require careful servicing are those further up the chain of the delivery of information to end-users. Not only should the service be available when it is needed, but there has to be a set of mechanisms that allows for the originator of the request to provide feedback on the suitability of what has been delivered, and to ask for follow-up information if required (Ward, 2004, p. 235). Too great a separation between the outsourced supplier and end-users can be problematic (Plumb, 2004, p. 25). For example, supplier employees are at a disadvantage in achieving a deep understanding of end-user information requests due to physical distances, and opportunities for knowledge transfer from internal researchers to contract researchers are few (Pantry & Griffiths, 2004, p. 35). Identification of these problems is in line with the literature on organisational absorptive capacity, which specifically warns firms that wish to improve their capacity to innovate should not outsource their operations (Cohen & Levinthal, 1990). Managers of research and information services who have fought long battles to ensure that business researchers are placed in client teams within their organisations, rather than in a centralised function, may find it difficult to accept a new system which undermines the arguments for close collaboration between information professionals and the end-users that they serve.

Other relationships that require careful management are those between the staff who have instigated the outsourcing agreement and the research and information services staff most directly affected by the new arrangements. The dangers of inadequate buy-in for any type of outsourced service include:

- criticism of the new system and supplier;
- failure to cooperate;
- creation of an "us and them" environment;
- resentment over having to take the blame for any inadequacies of the new service and/or extra duties required which distract them from other work, such as monitoring service delivery.

All of these can lead to low morale. Dealing with procurement staff, who often do not understand the subtleties of information services delivery, can also create extra work, and is stressful for information services staff who are not conversant in the requirements of specifying service requirements, and may need to improve their negotiation skills to take into account the extent of legal liability of the supplier, copyright, intellectual property rights, and client confidentiality. The information services function may also experience a sense of a loss of power as the new arrangement transforms its role into that of an intermediary (and possibly a weak one) that simply manages the relationship between the end-users and the new supplier (Pantry & Griffiths, 2004).

Diminished service quality is a particular issue in research and information services in the business sector. A big concern noted in a report into outsourcing in this sector was the “consistent and acceptable quality... ensuring that the outsourced supplier understood the question and produced relevant results in response” (Pantry & Griffith, 2004, p. 39). Quality can be compromised by a supplier that is poor or inexperienced, and cannot provide a timely service, perhaps due to time zone restrictions. Research and information services provision for the business sector is perhaps more vulnerable to difficulties of successful outsourcing implementation because it relies so much on knowledge of local business contexts. This applies in environments where in-house staff have worked hard to establish relationships with colleagues, for example in building trust, and work proactively to combine information from external sources with their own knowledge to create new intellectual capital for their organisation (Ward, 2004, p. 236). Even what might be regarded as common sense to a UK worker may not be the case for an Indian employee of an outsourcing agency (Plumb, 2004, p. 25). Fears of jeopardising the standing of the service and the relationships that have been nurtured over the years can be a real disincentive for private sector companies to enter into an outsourcing agreement (Ward, 2004, p. 237).

Further concern expressed in previous work on outsourcing business research and information services centres on its impact on the careers of information workers. Whilst an immediate effect may be alterations in the way that they execute their everyday work activities, workers may experience job insecurity which, in some cases, will not be without good reason (Pantry & Griffiths, 2004, p. 15, p. 40; Ward, 2004, p. 234). Their managers are also placed in a difficult position as they may be forced to take decisions that put their colleagues’ jobs at risk (Pantry & Griffiths, 2004, p. 18; Ward, 2004, p. 237). Outsourcing business research and information services has therefore been blamed for its potential to damage careers (Pantry & Griffiths, 2004, p. 40; Ward, 2004, p. 234), especially those of junior staff (Pantry & Griffiths, 2004, p. 18), as well as for its negative impact on salary levels (Pantry & Griffiths, 2004, p. 40).

Whatever the risks and benefits associated with decisions to outsource operations, it is evident that this is a serious option for business information and research services delivery. Ward (2004, pp. 232-233) cites information managers who have expressed “If I don’t do it, I’ll be asked to” and are therefore adopting outsourcing as a form of self-preservation. This may not be a bad strategy: some research has shown that the benefits of outsourcing are most obvious to those who have taken this route. For example, Ward (2004) notes that fears over job security and career progression “are less of an issue in organizations with real experience” (p. 234) and that “those who are already outsourcing/off-shoring see it both as a useful additional resource and something that they will be using more” (p. 237). It would appear that there has been a thawing of negative attitudes resulting in greater interest in outsourcing as a valuable business strategy worth pursuing (p. 237), even though some recent reports have doubted its value (Pantry & Griffiths, 2004, p. 360).

### **Approaches to outsourcing – documented advice**

Recent work in the domain of business information services provision offers advice to those about to embark on an outsourcing project. This takes the form of both broad recommendations, such as to ensure that decisions are sensible with regards to organisational strategy (for example, Ward, 2004, p. 231), as well as more detailed suggestions, such as not to outsource consumer research to agencies in India because the target market is not responsive to home telephone calls from India (Taylor, 2004, p. 5). Three key types of advice are evident: (1) advice on timetabling the move to outsourcing; (2) advice on drawing up contracts; and (3) advice on minimising the risk of service failure. The specifics of the advice provided for those working in business research and information services adds to the more generic frameworks for planning, implementing and managing an outsourcing arrangement, as found elsewhere in the LIS literature (for example, Ball et al, 2002).

Ward (2004, p. 235) summarises the lengthy stages of initiating an outsourcing agreement:

1. Define the project goals and what to outsource.
2. Estimate how much in-source provision costs in order to have realistic view of what outsourcing offers.
3. Prepare an invitation to tender that includes parameters that the outsourced service must meet – cost, quality, speed, delivery – plus related standards – researcher experience, qualifications, skills, availability of tools for the job.
4. Short-list organisations to visit, and with whom pilots will be conducted.
5. Make a clear process for vendor selection.
6. Devise a phased implementation plan, which includes marketing and user education.
7. Devise processes for ongoing management and review

Agreeing contracts takes time, and they need to be well written (Plumb, 2004, p. 25). Pantry and Griffiths (2004) outline the elements to be considered:

- the minimum length of the contract: they suggest one year (p. 58);
- the ideal length of the contract: they suggest that two to three years is “short enough that, if a complete mistake has been made, the situation can be managed to minimize damage without the need to negotiate (and pay expensively for) the curtailment of a long contract. It is long enough to get to know whether a contractor has the ability to achieve an acceptable standard in the longer term” (p. 58).
- the level of flexibility built into the contract (p. 8)
- the extent of what the contract covers: number and type of activities to be passed on to the supplier (p. 35)
- a clear articulation in the contract of service needs (p. 18), devised following close consultation with service stakeholders (p. 33) - including information services staff (p. 5) and customers (p. 122) - who will be kept fully aware of service levels when the contract is agreed (p. 13)

At the supplier selection stage, pilots can help test the suitability of the proposed service (Bolanos, 2005, p. 24). Once the agreement is in operation supplier limitations should be recognised, and provision made for them. For example, Taylor (2004, p. 5) argues that the Indian suppliers are not trying to compete with management consultancies, so are good at providing information, but not advice. Thus basic research support activities can be sub-contracted to the point of the writing of draft reports. Thereafter in-house staff add analysis and value to the findings using their specialist knowledge (Bolanos, 2005, p. 23). Another key issue related to quality is to be specific about quality control mechanisms. For example, for reference work the contract with the supplier could specify that all answers to queries are verified from two sources (Pantry & Griffiths, 2004, p. 78). If the amount of work to be outsourced merits it, it can be useful to run two parallel outsourcing agreements with the expectation that this will generate competition between the suppliers for high quality service delivery (Bolanos, 2005, p. 24). Much of the advice on reducing risk centres on managing relationships. Customers, for example, will at least need end-user education and possibly training, and will rely on research and information services staff to pass on their requirements to the partner supplier (Pantry & Griffiths, 2004).

### **Outsourcing experience: do the potential benefits outweigh the risks?**

As part of the study presented in this paper the opinions of eleven people with interests and experience in outsourcing were gathered and analysed. Conversations were held with eight individuals who represented companies with experience in, and first-hand knowledge of, outsourcing research and information services. All worked in large companies with global operations: four in financial services, three in professional services, and one in pharmaceuticals. Three additional discussions were held with representatives of companies that supply outsourced services. Two of these are UK-based, and the third operates out of India. The findings from the

interactions with these informants have been summarised, consolidated and anonymised in order to maintain the confidentiality of those who provided input to the study. Given the resource limitations of conducting this work<sup>3</sup> and the difficulty of persuading people to speak openly on topics such as this, the approach taken was considered to be appropriate in the goal of meeting the broad research aims as noted above.

It will be seen from the evidence presented below that the experience of outsourcing as perceived by those consulted has been rather negative. Indeed one participant reported at the time that her company was seriously considering abandoning its captive outsourcing arrangement after over six years of operation. Another explained how his company had recently set up a second outsourced operation to complement its existing captive set-up for the purposes of increasing flexibility of information service provision. The reasons for the general disappointment with the outsourcing experience are outlined below.

As might be expected, it was acknowledged that cost efficiency had been the main driver behind the decision to outsource. One participant explained that the salary costs of the captive arrangement for her company were 50% below what it would cost to staff an in-house service in the UK. However, there were indications that staffing costs are beginning to increase, especially in light of the battles of outsourcing companies to retain staff in centres such as India. One interviewee commented that the reputation of outsourcing as a means as saving on wage costs would be undeserved in the long term. In general, the feeling was that the cost savings are overstated, and waiting for the cost benefits demands much patience because they may take longer than anticipated to be realised. Due to the huge time investment required to set up an outsourcing agreement – in one case it had taken eighteen months from initiation of the outsourcing project to it going live – it has to be seen as a long-term commitment. The participants cited expenses associated with travel, training, providing opportunities for outsourced staff to meet their clients face-to-face, and renegotiating contracts with online information vendors, amongst the costs of moving to outsourced information services provision. It may be concluded from this study, therefore, that the potential for cost savings identified in the literature on outsourcing business research information services, appear exaggerated.

In discussions of the impact of outsourcing on organisational efficiency, positive comments were made on how the system could cope with an increased volume of work. One participant gave an example of how his organisation is able to handle 15,000 document delivery requests a month thanks to its outsourced research and information service. However, a lot of management time is allocated in order to achieve acceptable levels of service delivery, for example in efforts to train staff up to an acceptable standard. Much was also said about the requirement to check the output of work from the outsourcing agency: it cannot be delivered straight to the end-user. The participants raised issues related to efficiency that are additional to those prominent in publications on outsourced LIS operations, as discussed above. These included: problems with licensing US software for company use in India; online information vendors' efforts to increase their charges in the knowledge that the customer will be deploying the online services beyond the "normal" corporate boundaries; contract lock-in that prevents the possibility of bringing an outsourced service in-house if desired; and special arrangements to satisfy business compliance colleagues that all the arrangements for outsiders to participate in the company's activities are in order. Thus, with regards to efficiency, this study confirms that there are savings to be made from outsourcing business research and information services. However, the range of efficiency gains exhibited in the literature review was not reflected in the experience of the sample surveyed for this particular study, and attention was drawn to a number of efficiency losses, some of which have yet to be discussed in detail in the professional press.

In discussions of the quality of outsourced research and information services provision participants were happy that predefined, simple tasks are executed to the required standard. In

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<sup>3</sup> Unlike other work that has been conducted on LIS outsourcing in the UK, it was not undertaken by a team of researchers supported by a steering body, over an extended time period.



cases where there is good local management, the quality of more complex work can also be guaranteed. However, overall, it was evident that quality control is a concern, and one which is under-reported in the extant literature on outsourcing business research information services. As well as the requirement to check completed work and resolve issues before passing it on to the end-user (noted above), participants spoke about workflow management problems, apparent failure of outsourced staff to prioritise their work, and missed deadlines. Two main issues appear to be behind these problems. The first is attracting and retaining staff in an environment where (1) there are competing opportunities that encourage job mobility, and (2) the client goal to get high volume work completed quickly at a distance is at odds with the employees' expectation of engaging in interesting and challenging work directly for a high status blue chip company. One of the participants illustrated the extent of the problem when he explained that in a six month period there had been 100% staff turnover in the unit that services his company, and the average length of stay for employees is just twelve months. Here there appears to be a "chicken and egg" dilemma: due to staff retention problems and training costs companies pass only the most straightforward information requests on to the outsourced service provider: the costs and time to develop value added research capability in individuals are considered to have insufficient return. At the same time, staff move from one company to the next looking for opportunities to contribute to more interesting research and information services activities, only to find that the work on offer is low-level and tedious. It is easy to appreciate that training is a real resourcing issue when staff retention is poor. The second set of issues that lie behind the problem of service quality appear to be connected to educational and cultural differences between the east and west. One participant referred specifically to difficulties in assessing the quality of staff to employ for a captive outsourced operation. He has been disappointed to discover that - in his opinion - Indian graduates qualified to MBA are less skilled than British graduates who offer only a first degree. Employees can also suffer from a form of professional awkwardness because they are unused to interacting directly with clients, and when they do they appear to be overly polite. Similarly, they are risk-averse and more used to taking instructions than acting on their own initiative in the work place. As a consequence of this they may appear to be uncommitted to their work, even if this is not the case. Another participant mentioned poor understanding of "client culture". For example, instead of the workers showing loyalty to their client, they prioritise their own needs with a "what's in it for me?" approach to their work engagement. A further issue is the transfer of attitudes that underlie "correct" business behaviour in western companies: what might be considered "wrong" in the UK, may be acceptable elsewhere. An indication of the level of supplier awareness of the issues which threaten quality of service was evident in the discussions with the three representatives of outsourced services agencies. The representative from a company based in India focused much of his time explaining how his company worked to maintain quality control mechanisms, whilst the UK-based firms were able to promote the advantages of local outsourcing. So, even though they are not admitting to these issues in their contributions to the professional press, they readily acknowledge them in conversation.

When discussing the impact that moving to outsourced services provision has on in-house research and information services staff, the participants referred to some of the issues also highlighted in the published work, as outlined above. For example, in one participant's company the permanent research and information services staff have taken advantage of the corporate outsourcing initiative to develop value-added research services locally, and further their own careers. In another, however, the move to outsourcing has lowered morale in a unit which was previously run in a rather inefficient and expensive manner. In this case, it was felt that the in-house unit was a "target" for outsourcing. Another participant explained how his company had managed to avoid making local job cuts by offering a new "blended" service to end-users, where some research and information services work is completed in the UK by the local team, and some is completed in India in a captive outsourced operation. Even so, the loss of some contact between researchers and end-users in this arrangement has had negative consequences. The range of experience with regards to the impact of outsourcing on individual business research information services surveyed for this study indicates that possible outcomes are determined by the local environment: what is reported in the literature as applicable to one environment does not necessarily apply to all.

The eleven study participants, in particular the eight from the client side, were keen to share advice to others considering outsourcing as an option for research and information services provision. First, they warned that outsourcing research and information services may not suit every organisation, in spite of all the hype<sup>4</sup>. One participant mentioned that it is only worth outsourcing on a global scale if the company's processes are genuinely global. As far as contracts are concerned, they recommended that these need to be very specific and take into account a range of eventualities. For example, one participant said that his company ensured that its contract was devised so that it included a reversal clause by which it would be possible for the client to buy in the contracted-out service, if it were successful. To minimise risks all potential vendors should be visited on site: it is not enough to rely on the suppliers' written description of operations. Taken as a set, these people with experience in outsourcing favoured captive arrangements for the level of control that it offers, not least in terms of offering greater client confidentiality than sending requests to a supplier which is servicing other companies, often in the same sector. The last piece of advice shared was to ensure that local staff are kept up to date with decisions on outsourcing as part of a structured communications plan. An open approach is critical in maintaining staff morale. The respondents' emphasis on control and communications in negotiating an outsourcing agreement aligns neatly with the advice given by Ward (2004) and Pantry and Griffiths (2004), as discussed above.

## Conclusion

It is clear from this study that options for outsourcing in the domain of LIS have widened considerably in recent years. Improvements in global information infrastructures, in combination with business imperatives to cut costs and improve efficiency, have led to the growth of an industry of off-shored information services that did not even merit a mention in research work published on the theme of outsourcing as recently as 2002. In a very short time the focus on "contracting out" ancillary services related to servicing library space and supporting document delivery, largely in public sector organisations, has shifted to encompass the outsourcing the delivery of *information* itself, often in a form that can be supplied directly to end-users.

Perhaps the most striking finding from the study is the extent to which the reported enthusiasm evident in the professional press for outsourcing business research information services is not shared by those who have lived through planning and implementing an outsourced service. For example, the chicken and egg dilemma of staff training and staff retention is a real issue for organisations, along with its further impact on other concerns such as cost and client confidentiality. Despite what has been said elsewhere, the findings of this work would indicate that attitudes towards outsourcing are not softening after all. It could be the case that the difference of opinion between what is presented in the limited literature on outsourcing business research and information services, and the study's results, may be due to the nature of the material reviewed for the study, much of which has been authored by representatives of supplier firms. It is also interesting to note that the disappointment with outsourcing business research and information services exhibited here reflects recent consumer rejection of outsourced services, which, in some cases, has prompted some companies to bring services, such as call centres, back to the UK. Further research work in this area could assess the validity of the findings presented here and provide more extensive explanations for what has been observed.

This study has also provided an indication of how outsourcing decisions impact staff based in the established in-house research and information service. One issue that did not emerge from this study, and which is believed to be of importance, is the potential effect of basic business research being conducted abroad, rather than in-house. The question here is where the next generation of

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<sup>4</sup> This comment is, of course, largely at odds with the main message of the literature reviewed on outsourcing business information research services because it assumes that the feasibility of such an endeavour has already been established.

senior business information professionals will be found. It has been the tradition in the UK for new information graduates to grow their careers from first jobs which give them exposure to basic business reference and enquiry work. What happens to career development when positions such as this are in short supply? The research findings presented here could be extended further to examine this specific question, as well as validate (or challenge) the findings of this small-scale study. A further development of this work in this area may be to conduct a series of in-depth interviews with key informants with a view to producing detailed case studies of outsourcing experience. This work would address the broad issues highlighted above with reference to specifics of each outsourcing endeavour, such as their aims and success in meeting them. In providing local detail a clear view of the sense of outsourcing may be achieved.

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