

Book Review of:

Global Outsourcing Strategies – An International Reference on Effective Outsourcing Relationships

P Barrar and R Gervais (editors)

Gower Publishing Limited, 2006. 322pp. £75.00
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While the economic importance of global outsourcing is still increasing, there is a relative lack of good and up-to-date textbooks in this area. The book edited by Barrar and Gervais styles itself as an international reference. Unfortunately, this does not necessarily make it a suitable textbook.

The book is an edited volume with 22 chapters, each written by different authors. Although this achieves quite a wide coverage of the area, there is no coherent line of argument to tie the chapters together. The chapters are grouped into 5 parts; each part is preceded by a one-page introduction written by the editors. Each of these introductions explains briefly the overall theme of the chapters in the relevant part and describes even more briefly what each chapter is about. But there is no real attempt by the editors to link the arguments in one chapter to those in other chapters and, similarly, the different parts are treated as more or less stand-alone.

Because the editorial introductions are relatively uninformative, some key points are not clarified from the outset. In outsourcing, a key distinction should be made between primary and support activities. Primary activities involve inbound logistics, production, outbound logistics, marketing and sales, and after-sales service. Support activities include procurement of raw materials and components, technology development (including provision of IT services), human resource management (HRM), and the provision of various services related to the infrastructure of the firm (including finance, accounting, legal services etc.).

The outsourcing of primary (especially production) activities has been with us for a long time, although its importance is still growing – particularly in relation to the recent emergence of China as a global force in manufacturing. This topic is analysed by economists under the heading of vertical integration or rather, in the present context, vertical dis-integration. The leading theoretical framework for analysis has, for the last 30 years or so, been the Transaction Costs Economics (TCE) approach developed by Williamson. The TCE approach is theoretically linked to other important strands in economic theory; in particular, game theory and principal-agent models. Broadly speaking, the TCE approach implies that the firm should buy in those activities for which the sum of production and transaction costs is lower if provided by an external supplier than if provided by the firm itself.

However, more recently, increasing attention is also being paid to the outsourcing of support activities (or back-office functions). First to come under the academic spotlight was the outsourcing of IT services (or ITO), to be followed by the outsourcing of a range of other business processes (or BPO) – in particular HR, finance & accounting, and (indirect) procurement activities. As is well-known, India has recently emerged as a global force in ITO and increasingly also in BPO. This broader perspective has

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been accompanied by a widening of the theoretical framework, in order to include new theoretical developments in the form of the Resource Based View (RBV) and a related approach that tries to identify the core competencies (or capabilities) on which the firm is supposed to focus. There is now also a rapidly growing literature on network forms of organisation.

This brief discussion hopefully demonstrates that the study of global outsourcing is becoming ever more complex. Unfortunately, the present book does not succeed in providing a coherent overview of this area. While the first two chapters, by Globerman & Vining and by Gilley, Rasheed & Al-Shammari, concentrate on various theoretical perspectives, the following 20 chapters are rather mixed in nature. Some of them are short and rather superficial. Others provide more detailed insights into specific aspects of global outsourcing in business areas such as IT and HRM. Yet others deal with specific issues relating to the employees' perspective and the effects on trade unions, the accountants' view, legal aspects, risk management, ethical concerns etc. Many of these chapters provide their own literature reviews, with long lists of references to the academic literature, but – as already noted – without putting their arguments into a comprehensive framework for analysis.

In conclusion, while this book contains some interesting observations on a number of topics related to global outsourcing – and can, to some extent, act as a relatively up-to-date reference on such topics – it does not really qualify as a textbook. If the latter is required, a much better bet would be the recent book by Willcocks & Lacity (2006) on the global sourcing of business and IT services. While that book also involves other authors apart from the two mentioned on the front cover, there is a coherence to the overall line of argument that is missing from the Barrar & Gervais book.

Reference

Willcocks LP and Lacity MC (2006). *Global Sourcing of Business & IT Services*. Basingstoke: Palgrave MacMillan.

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