

**A RESOURCE-BASED MODEL OF OUTSOURCING INFORMATION SYSTEMS FUNCTIONS:
A COMPARATIVE STUDY**

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ABSTRACT

A resource-based model of outsourcing information systems (IS) functions is developed from the IS literature and strategic management literature in order to assess the following question: are there the differences between IS outsourcing and non-outsourcing firms? That is, what factors influence an organization's decision to outsource IS functions? Based on a discrepancy perspective, this study identifies four factors -- gaps in information quality, IS support quality, IS staff quality, IS cost effectiveness, and organization's financial performance -- that influence the organizational decision to outsource IS functions. These factors are hypothesized to affect an organization's IS outsourcing decision. From a mail survey of 188 top IS executives, the results of analyses of t-tests provide the following major findings: (a) This study found support for the proposed research model. (b) The IS outsourcing decision is determined by gaps in information quality, IS support quality, IS cost effectiveness, and financial performance.