

Four keys to combat myths about IS offshoring

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Information Systems (IS) are being outsourced at a speed that's alarming to IS professionals.

The rise in the offshoring of Information Systems (IS) has led many business experts to believe that the discipline is doomed at home. Young people, in particular, fearing dwindling job prospects, are reluctant to pursue IS studies.

While offshoring has certainly taken away a great number of jobs, many of the claims being made about IS would appear to be exaggerated, according to IESE's Josep Valor and fellow IS professors Rudy Hirschheim, Claudia Loebbecke and Mike Newman. Their paper, "Offshoring and Its Implications for the Information Systems Discipline: Where Perception Meets Reality," does exactly as its title implies, cutting through the false beliefs surrounding IS and offshoring, and suggesting ways to ensure the field remains vibrant, both at home and abroad.

A vicious circle

As evidence that the IS discipline is declining, people often point to the stagnant figures for students enrolling in IS programs in recent years. However, this might suggest more about the effect of the belief than the veracity of the belief itself. Students who believe IS jobs are being offshored do not enroll in IS programs; low enrollment leads to fewer graduates; without skilled graduates, companies seek their IS resources offshore: a vicious circle has been created. In reality, the perception that there is a crisis actually drives the crisis and makes it worse.

The impact of student misperception about the state of the IS job market cannot be underestimated. During the five-year period 2000-2005, the number of IS majors decreased between 50 percent and 85 percent, leading many universities to eliminate their dedicated IS programs and courses. Students and universities seem to operate under the assumption that the time for IS as a distinct discipline has come and gone.

Yet no business can survive without an abundance of IS professionals to develop and implement vital new information technologies. In reality, there are plenty of IS jobs in the Western world. The U.S. Bureau of Labor Statistics estimates that "IS jobs are likely to be among the 10 fastest growing between 2004 and 2014," and IS unemployment stands at just 2.5 percent.

But misperceptions are powerful, and the facts of the market cannot compete against such widespread beliefs in the field's demise.

Not everything can be offshored

Coupled with this is the wider debate concerning political globalization, which receives heavy media attention. The press has reported that "about 50 percent of IS jobs would be 'offshored' to off- and near-shore destinations in the next 10 years due to the labor cost arbitrage between the developed and the developing nations." Alarming as this sounds, it does not cover the entire, vast field of IS.

It's important to realize that the many elements of IS are not identical, and not all elements can - or should - be offshored.

One type of "commoditized" work that is being offshored is information processing, which includes help desks and call centers. This area is readily and successfully offshored because "simple coding of well-specified programs could be treated as a commodity and sent abroad - similar to commoditized tasks in manufacturing and the textile industries."

Another commoditized area are services that concern software development. This will be more difficult to offshore unless there are "clear development specifications."

IS areas that cannot be commoditized - and, therefore, cannot usually be offshored - involve those areas that require contextual and customer-specific knowledge, often demanding direct proximity to customers. For example, software development often requires extensive customer interactions to determine development specifications.

Other "customer-facing" areas, such as business modeling and IS business analysis, require domain-specific knowledge, intense interaction with customers and physical proximity. To successfully execute customer-facing jobs, IS professionals need skills beyond basic programming.

Four keys to halt decline

Another factor preventing many IS jobs from being offshored is the need for "local, culture-specific contextual knowledge." Admittedly, such a requirement does not always translate into keeping jobs onshore, as companies may reach out to close cultural matches - as the United States does to Ireland, or Spain to Latin America - to fulfill their IS needs.

The authors suggest some specific steps that can be taken to reverse this self-propagating crisis and strengthen the IS discipline. They urge four core stakeholders to play an instrumental role in this process.

IS faculty: encourage students to pursue IS; correct the misperception that there are no IS jobs; revitalize the IS curriculum; capitalize on academic knowledge of IS offshoring to stay on top of trends and opportunities.

Academic associations and schools, such as the Association for Information Systems (AIS): support academic programs; suggest curriculum changes; communicate advances and information.

Corporations: clearly publicize the need for IS graduates; offer IS internships; send IS employees to talk to student organizations and classes.

Government entities: prepare the developed nations for trade; support IS education; consider IS professionalization.

With the help of these and other stakeholders, students can begin shedding their assumptions about the lack of IS jobs, and begin to pursue IS studies in greater numbers. This, in turn, will provide an ample flow of resources for companies, perhaps stopping them from offshoring their IS needs in the first place. If the misperceptions continue, IS offshoring will only increase, warn the authors. And then the IS discipline truly will face extinction.

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