THE KNOWLEDGE OF OUTSOURCING: A KNOWLEDGE-BASED VIEW PERSPECTIVE

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Abstract
We developed an outsourcing matrix for predictive and explanatory purposes. Propositions are developed based on strategic value of the knowledge sets and transferability of knowledge. The make-or-buy decisions and the intensity of the outsourcing relationship are most apparent. We argue that the most intensive outsourcing relationship develops when the outsourcing of a knowledge set has been externally legitimized, the information involved is explicit and easily codifiable, and competitive advantage is partially dependent on function, but not directly tied to other core knowledge sets. In these circumstances, knowledge sets are outsourced after an exhaustive search followed by close monitoring and information exchange. These situations are characterized by symbiotic relationships, information sharing, giving and receiving commitments, forming alliances, and trying to control the outsourced knowledge set. Conversely, the most benign relationships occur when outsourcing has been externally legitimized, the information involved is explicit and easily codifiable, and the resulting separation has little effect on the knowledge sets responsible for creating and sustaining a competitive advantage.

Keywords
Knowledge-based view, firm boundaries, outsourcing, make-or-buy decision