Impact of information technology on vendor objectives, capabilities, and competences in contract electronic manufacturing

Many factors influence the success of an outsourcing arrangement but vendor capabilities have been recognized as one of the main contributors. This paper investigates how information technology (IT) utilization contributes to success in outsourcing. We take a vendor's perspective and study how IT impacts vendor capabilities. The research framework integrates four concepts/theories: the resource-based view (RBV), the concept of manufacturing strategy, the concept of business performance, and the concept of IT impact on business performance. Two case companies are studied, one with a high level of IT development and another for which this is not the case. The results show that IT impacts vendor objectives indirectly by impacting competences and capabilities. Two types of impact of IT on competences and capabilities have been identified: IT as a competence enabler and IT as a capability enhancer. The most significant impact takes place when IT enhances a capability so that it becomes a capability important to achieving the objectives of winning, running, and renewing the outsourcing contracts. A method for calculating the impact of IT on capabilities and the impact of IT on operational performance has been proposed. The method gives valuable insights into how IT enables competences, enhances capabilities, and contributes to the fulfillment of vendor objectives. A model of how IT affects a vendor's competitiveness is proposed. In addition, two initiatives for optimizing the utilization of IT are suggested.