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"If the answer is outsourcing, what is the question?": Managing externalization of library services ten years after the tempest - a review of the literature

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As a field, library management is often faced with a conflict between the theoretical underpinnings of library service, ethical concerns, and practical issues. As conceptions of roles of libraries in relation to their patrons or clients themselves undergo changes, many of these conflicts are pushed to the forefront of debate and discussion by various stakeholders in the library and information science profession.

One topic that has been particularly controversial has been what is generally described as outsourcing of library functions and services – that is, engaging the services of private companies to operate functions of public, academic, and special or institutional libraries and information centers. As it stands, the term often summons up potentially troubling images of local libraries that charge for reference services, or of an unholy combination of the cherished neighborhood institution and the Barnes & Noble at the mall. Of course, the reality of how library outsourcing is perceived, and how the debate over it has developed, is thoroughly different. Understanding that debate is crucial to comprehending how different libraries view outsourcing, what models do they turn to in implementing it, and what kind of evaluations or empirical studies on library outsourcing have been undertaken.

The first step in talking about this topic is, of course, to consider the ways the term has been defined in the literature. Ogburn (1994) introduces "outsourcing" in the library world in terms of

how it is to be used – "like any other strategic business move: as a way to lower costs while improving (or at least not sacrificing) quality" rather than in terms of any specific activities or patterns. Martin (1995) talks about a range of terms: contracting, private/public-sector cooperation, outsourcing, privatization – while noting that all of those may be answers in search of the right questions to follow from. Hall's (2006) definition, which to some degree draws on Ogburn's, posits a broader understanding of a "range of strategies for organizing and providing services to the organization through the delegation of work to designated partners." Especially in the British literature, another term that has also gained popularity is "externalization," defined by Ball and Earl (2002) as the process of "providing all aspects of the current service through a trust or company established specifically for this purpose." What is perhaps most important to keep in mind is that these terms are not identical: what is meant by outsourcing in one context may be understood radically differently in another.

In fact, as Bordeianu (1997) describes, some matter of engaging outside staff to assist the library with performing some of its functions can be traced back at least to the late 19th century, if not earlier. When looked at in a certain way, outsourcing, whatever the words used to describe it, is, as Woodsworth (1998) notes, in no way a new concept for libraries and librarians. However, as this term moved forefront of social and economic debate in the 1980's that the library community began to pay particular attention to it. And throughout the next decade, several events introduced even those librarians to the concept who were otherwise effectively unfamiliar with it – or merely blissfully oblivious. Academic institutions, corporate and special libraries, and finally, library systems began to experiment with partnering with private companies outside their parent organizations to an unprecedented extent. Predictably, this led to reactions that were sometimes

extremely negative. In several separate issues of Library Journal, over the course of 1998, the debate played out against the backdrop of an ALA task force inquiry appointed to gauge the different dimensions and directions of the issue. White challenged all librarians to start taking into account not only the quantitative measures of library effectiveness and operations, but also with the harder-to-measure quality factors. If quality services were not being provided by the current organization, he argued, it would only be logical for competition to take place. "You get what you pay for", he cautioned – a word of warning that, for libraries, would presumably cut both ways, whether or not outside assistance was brought in. Schuman came out firmly against any kind of public/private initiatives, at least in respect to public libraries, by arguing that the profit-making motives of any companies that may manage institutions that are by definition market failures and a public good. Her argument – never clearly explained, and certainly open to easy criticism – is that the quality and effectiveness of the traditional public library is inherently opposed to the "efficiency" that a library managed by private-sector interests would bring. The concept underpinning her argument is that public libraries possess not merely core functions, but core values that must not be compromised. As the discussion evolved, however, there was a shift in emphasis from radical pronouncements to a more sober assessment of the philosophical issues that outsourcing, whichever name it went by, implied.

Renaud (1997) noted that one of the reasons there was such a reaction in the library literature to talking about outsourcing was that by their very nature, public libraries have rarely had to exist in competitive environments. "As a group, librarians are not comfortable with the concept of competition and its connotations of conflict, abrasiveness, and commercialism," he suggests. White (2000) argues that there is no inherent reason for any library to exist if its services are not

necessary, or can be better performed elsewhere. The solution to externalization as threat is to identify what a library can do better than any competitor, and to pursue that competency. Unfortunately, he notes, librarians sometimes have a hard time convincing stake-holders exactly why they are essential on a practical level. Related is the discussion of what constitutes the core, non-negotiable services of a library or information center. Abel (1998) distinguishes between functions that are truly integral to the institution, and those that have simply been carried out because for whatever reason, there was nobody else to turn them over to. Hill (1998) notes that in addition to the core functions of the library, thought may also be given to the core competencies of the institution that the library belongs to or supports; if those are aligned, then the library will be viewed as a much more organic unit of the whole. And Martin (2000) notes that the library profession as a whole is still engaged in a debate about what constitutes its core functions, with different stakeholders claiming different definitions. Spending too much time on this debate is almost moot, and quite possibly, self-defeating. Finally, writing in 2003, Lesky moves the discussion away from the functions of libraries and librarians, and to the functions of information professionals, wherever and however employed. In that way, the trend towards outsourcing could actually free the skilled information professional from being defined by the site of his or her work.

Much of the discussion on outsourcing of library services has thus focused on either the ethics of the process, or on descriptions of specific initiatives. The existing literature pays significantly less attention to issues surrounding the decision to outsource particular library functions, and especially in whether any general models can be applied to these decisions. Renaud (1997) opens this discussion by adapting Michael Porter's concept of the value chain specifically to the academic library. Once a library's performance is analyzed in terms of specific functions, rather

than its organizational structure, functions can be ranked according to whether or not they need to be performed internally, or if they may be candidates for externalization. Marcum's (1998) model takes a similar approach, by categorizing library functions on a scale from "folklore" (those that are performed instinctively or traditionally, without evaluation as to how appropriate they actually are), through to those that are mandated by law, background, priority, and key to institutional identity. On the horizontal axis of his grid, Marcum identifies four possible levels of cooperation between the library and the outside company: support, reliance, alignment, and alliance. Functions and levels of cooperation can then be matched for suitability and effectiveness. Ball (2003) proposes a "weighted decision matrix" that increases the number of factors to evaluate to nine and recognizes that they may be weighted differently based on local institutional factors. While the three models are progressively more complicated, they all make the core assumption that there is no single function of a library that is fixed or safe from further negotiation.

Rather than producing a model to help determine when outsourcing is appropriate, Leonhart (1998) defines the steps a library must undertake as it moves down the outsourcing path. He raises a valid point by noting that several of the mid-1990's examples of outsourcing practices were actually highly unusual. Success hinged on effective understanding of not only the technical, but also the political risks involved. First, there must be a valid reason for a library to externalize. After this reason is identified, it can be followed with a thorough evaluation of the contractor candidates and the bidding process. During this stage, variables and criteria, including costs, goals, and quality control will be defined. The next stage would to prepare for any unanticipated issues or difficulties, everything from hidden costs to negative publicity. Finally, the successfully outsourced library should be able to both identify and measure the successes of the project, and to

publicize them.

It was not until very recently that actual outsourcing initiatives have been examined critically several years after their implementation. The literature on individual instances of moving certain library functions outside the institution, on the other hand, is fairly extensive. Individually, these case studies do not add much to our understanding of the kinds of problems that outsourcing arises in response to, and the kinds of solutions it proposes, but when viewed in aggregate, they are important to trace certain patterns that emerge. As early as 1995, Warwick gave an account of the experience of a local jurisdiction that partnered with a nearby public library system for service. The decision undertaken by the Riverside County Public Library to outsource management of the system to a private contractor has been addressed in a number of papers, such as Heller (1997) and Glick and Olson (1998). A Florida House of Representatives report (2002) summarized the public library outsourcing experiences of six additional library systems and highlighted the distinction between the cliché of privatization and the reality of "outsourcing under contract with a governmental entity." While certainly limited in scope, these addressed some of the more general philosophical issues that the decision to outsource implied.

In academic libraries, where much of the focus is on serving a well-defined and limited group of clients, many of the more philosophical issues that surround outsourcing of library services do not apply, or rather, "outsourcing" generally means not outright privatization, but engaging the services of outside vendors to fulfill specific functions. In fact, as Martin (2000) finds, within academic libraries, the distinction between core library services that should be performed in-house and peripheral ones that are easily are easy to outsource is fairly common. Duchin (1998) describes

this process with regard to cataloguing in a multi-campus system, and demonstrates that many of the typical arguments against outsourcing, such as the presumption that it would lead to a decrease in the quality of services performed, are not supported by actual experience. Horenstein (1999) and Williams & Barone describe the same processes in single-campus libraries, and in both cases, find that while outsourcing cataloging presents a number of clear benefits, it also results in delays, costs, and staffing issues that may not be initially anticipated or expected. In one case, El-Sherbini (2002) found that outsourcing of some cataloguing functions is time-effective, but not necessarily cost-effective, and thus, likely not a threat to the continuing existence of the functions of the librarians in a given technical services department. Ayers (2003) summarized several studies and proposed that many of the issues and challenges that contracting out for cataloging arise from local factors, such as staff who are proficient in cataloguing, but are not easy to retrain or redirect to reference or public service.

For the special library environment, many of the ethical issues that outsourcing in any shape or form presents to the public and academic world largely does not exist. Johnson (1996) has no problem noting that for as long as libraries have existed, they have externalized some functions while keeping control over others. She notes that outsourcing can be viewed as a strategic tool, applied in response to specific problems. Helfer (1998) identifies several examples of corporations where the whole library as a unit was seen as non-essential, and that reference or strategic intelligence specialists could be integrated into the rest of the company. Ebbinghouse (2000) seeks to formulate a theory of outsourcing in special libraries that would trace the reasons behind a given library's decision to outsource, the process, and the likely outcomes. She found that among special libraries, there is strong belief in the distinction between a small, essential number of core

activities and a significantly larger number of peripheral tasks that are easily externalized. The positive and negative aspects of the process are also different from those identified in the public and academic library community. She is particularly emphatic about noting that in special libraries, where the ties between the librarian or information professional and the employing firm may be slight to begin with, there should be no reason for such professionals to actually see outsourcing as a potential opportunity.

What is perhaps most interesting - and to a degree, most disconcerting about this topic, though - is the wide gap between the amount of general philosophical discussion of externalization and the number of actual studies that go beyond merely describing how different types of libraries have implemented it and try to gauge attitudes towards this process at different points. Surveys of the level of externalization in academic libraries have been best covered by the literature to some extent, in particular by Libby and Caudle (1997), Benaud and Bordeianu (1998), and Banister, Sheley & Lee (1999). Libby and Caudle, looking specifically at cataloguing as a subject for potential outsourcing, follow up on Wright State University's initially-controversial attempt to do so in 1993. Their survey of some 117 academic libraries throughout the U.S. found that only just over a quarter of them outsource any cataloguing, and that there was no identifiable correlation between any specific factors or characteristics and whether or not libraries did in fact consider outsourcing this function. Perhaps the most important lesson of their study was that outsourcing of a specific function in academic libraries is not prevalent, but at the same time, is not extraordinary. Benaud and Bordeianu, in a more expansive survey, find that American academic libraries are quite comfortable with externalizing some functions, such as activities in collection development (via, for example, blanket orders) and preservation, and strongly opposed to externalizing

reference services and document delivery. Banister, Sheley and Lee traced similar results to a smaller, regionally limited sample. Neither of the three studies, however, has looked at how effective these activities were, or what drove the individual decisions.

Externalizing public library systems has been discussed most extensively by Martin (2000), in an ALA-commissioned study, and in the report for the Florida House of Representatives (2002). Since the actual number of public library systems in the U.S. that have engaged outside firms is still in the single digits, Martin's study focused more on perceptions of the effects of such initiatives by both library professionals and the public. He found that outsourcing of collection development was not viewed by librarians as a particular threat to their own jobs, but at the same time, a significant percentage of the employees of the system his team looked at felt it was not necessarily effective. Both of the surveys in the study were essentially snapshots of opinions and perceptions at particular points in time, and there was almost no attempt to gauge whether these opinions had changed from those held before the decision to outsource had been made. In the narrative section of the study, he did make an interesting point that should be extremely valuable to discussions of outsourcing in libraries as a whole. Outsourcing or privatization of an institution is not the same as commercialization, and how effective it is will have to take into account both initial conditions and the amount of resources that all stakeholders are able to commit. As his report noted, when a private company won the contract to manage the Riverside County library system, simply the amount of money it was able to pump into the system was constrained by the original contract. The Florida House report, on the other hand, took a more consistent approach. Each of the seven libraries being examined were evaluated based on eleven factors. Wherever possible, the scale of change from before the contract was signed to the time the report was

prepared was noted. That was not an option for several of the systems, however, that were only in the first year of outsourcing. Both reports, in addition to their survey or analysis sections, also took the time to address some of the standard arguments made against externalization, in particular, the debate surrounding the "core services" of public libraries.

Finally, in the special library environment, it may be argued that users do not take libraries for granted, while at the same time demanding a higher, more personalized or responsive level of service. The challenges this kind of relationship would present to outsourcing an in-house library is explored by Koenig, Canevello and Morrison (1999), who look specifically at feelings of government employees towards their departmental libraries. They find significant support for the hypothesis; as long as library services are carried out in an efficient manner while remaining consistent with the mission and corporate culture of the parent organization, the actual identity of those performing the services is largely irrelevant. In fact, while small but existent percentages of employees of government offices with non-outsourced libraries were consistently very dissatisfied with services provided, among their sample of respondents in the offices they looked at where library functions were outsourced, the 'very dissatisfied' reactions were reported by even smaller numbers of users, and for several specific questions, by none. However, they also identified an outsourcing issue that may be unique to special libraries: the loss of institutional memory and a difference in status and corporate identity between employees and contractors.

Across all three general areas of librarianship, studies of externalization have largely been concerned with surveys, or with analysis over very short time frames. It was easy to argue that moving some functions out of the library would at the very least do no harm, and evidence has

tended to point towards short-term improvements. And probably the biggest question that was not asked until recently has been whether the pros of privatization or outsourcing can actually persist, or if issues will arise that would ultimately fail to justify their real – as well as the emotional and political – costs. The only current answer to this question is in the work of Ward (2007). As he notes, "the arguments for or against [externalization] often rest on personal philosophy rather than an examination of the actual attempts to outsource public management." Ward's analysis looks at whether, ten years after the first move towards outsourcing of public libraries, they have succeeded in making themselves more attractive to users, achieving greater efficiency, and increasing accountability under the principal-agent model. He also pays attention to the actual original reasons for why outsourcing was considered. Considering these factors, the paper finds that across all seven cases of public library externalization that have taken place in the U.S. in the last decade, whatever improvements were found in the seven were either balanced by decreases, or were not actually related to changes in control. In fact, in three of the seven, the benefits can be attributed to budget increases, and in three more to changes in the nature of the restrictive contracts under which the libraries originally operated.

Ten years after the debate on outsourcing of library functions played out in the pages of journals and in ALA policy documents, one part of it has largely been settled. Allowing private, for-profit firms to handle some of the tasks of a public, academic, or special library is neither controversial nor particularly extraordinary. At the same time, some tasks are far easier to externalize than others. While the benefits of the process are relatively easy to identify, the costs and drawbacks are frequently unexpected. Over this period, much of the writing on library externalization has concerned itself with the 'how' of these processes, not the 'why.' Among the questions that are yet

to be asked, one that is particularly prominent would have to explore the specific, quantifiable factors that determine whether a library service can be brought outside the institution. Expanding Ward's work to look at how outsourced functions have fared in the longer term, beyond one or two years, is also crucial. Finally, much more needs to be said about externalization as one of the components of a more broad discussion on the nature of the library as a specific place or site. The question that lies at the root of this entire issue, really, has to do with whether the library has – or should have - a monopoly on particular activities, or whether the functions that are involved in the gathering, sharing, and storing of information should be carried out wherever feasible, appropriate, and effective.

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