Insourcing after outsourcing
A study of the opportunities and challenges in the insourcing process

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Abstract
Outsourcing has been a common topic in relation to business strategy for many decades. It is when an organization transfers some activities to an external vendor. In order to achieve a competitive advantage, organizations use external vendors to perform the activities more efficiently and effectively. The global competitive environment has increased the use of outsourcing worldwide, consequently, the use of outsourcing has changed the boundaries of today's firms. Lately, back-sourcing has gained more attention, which is when an organization has outsourced an activity that was previously executed in-house, and then bring it back into the organization again. Insourcing, on the other hand, has been given less attention. It is when an outsourced activity that has not been executed within the organization previously, is internalized. The reason for choosing this research topic was that we wanted to write about something that could be applied to the “real world” and the decisions that business leaders face in their occupation. Therefore, when we were offered the chance to write our degree project for Alfa Sweden we accepted their proposal.

We identified two main research gaps in the existing research regarding insourcing, there is no study that covers the insourcing process and the steps inherent in it. Additionally, how the organization’s capabilities are linked to the opportunities and challenges organizations face during insourcing, has not been examined before. Therefore, the purpose of this thesis is to build a model of the insourcing process and the steps included in each phase of the process. Additionally, to explore the opportunities and challenges that can arise when organizations go through the insourcing process. These opportunities and challenges will be connected to the company’s capabilities, meaning its resources and competences.

In order to fulfill this purpose and gain a deeper understanding of this relatively unexplored field, a qualitative study was conducted. Eight semi-structured interviews were pursued where seven interviewees represented different companies belonging to the same group and one interviewee represented the perspective of an accountant firm.

From the results of the interviews, we derived four themes, namely design of the sourcing solution, the insourcing process, resources, and competences. Through analyzing the results of our study we have been able to create a model for what the insourcing process looks like and the steps included in the planning, implementation, and control phase. This model can contribute and guide companies who are planning to insource certain activities in the future. Furthermore, our results revealed several opportunities and challenges and their connection to the company’s resources and competences. In addition to these theoretical contributions and practical implications we also provide practical recommendations for Alfa Sweden.
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1. Introduction

The thesis will begin with an overview of the subject and an explanation of why the research topic was chosen for a degree project. Furthermore, the thesis was written on commission and therefore a presentation of the company will follow. The first chapter also comprises the problem background, the theories used and how we identified the research gaps within the chosen field. Additionally, the purpose of the thesis and the research question is presented.

1.1 Choice of topic

Our research is related to a strategic move that the executives at Alfa Sweden are currently facing, a move that could have significant impact on the future of the organization. It regards the decision about whether to insource certain business activities. The goal of this research is to provide the organization with information regarding the insourcing process and the challenges and opportunities involved.

The use of outsourcing, which is when the governance of an activity is transferred from the organization to an external supplier on a long-term basis (Freytag et al. 2011), has increased rapidly over the last couple of years. The insourcing phenomenon and especially the insourcing process, is interesting to investigate further for many reasons. As an example, there are many problematic aspects in the relationship between the supplier and the organization (Maelah et al., 2010, p. 227). Therefore, one can assume that many organizations will re-consider their outsourcing solution and when they do, there is almost no information available regarding the process and the implication it might have for the organization. We argue that our research can contribute with valuable knowledge within a field that is currently surprisingly unexplored. It will provide business leaders with information about insourcing which will be beneficial if their outsourcing efforts fail to achieve the desired results or if they are considering insourcing due to some other reasons.

As students at Umeå School of Business and Economics, with management as our major field of study, the willingness to focus on leadership, decision-making and process management in our degree project came naturally. We both had a desire to study something that could be closely connected and applied to the “real world” and the decisions that business leaders face in their occupation, a desire that was further strengthened during our studies. Writing on commission was something that we wished to do but thought of as challenging because of the need to combine the different expectations from the school and the company. We were offered the chance to write our degree project for Alfa Sweden and we accepted the challenge. We were able to identify a research topic that was interesting for us as management students, which could also be valuable for the company.

1.2 Problem background

For many decades, outsourcing has been a common topic in relation to business strategy (Ghodeswar & Vaidyanathan, 2008, p. 23) and today it is used by managers in the majority of organizations in one way or the other (Barthélemy, 2003, p. 87).
Outsourcing is the transferal of an activity or service to an external part in order to increase competitiveness and make use of the organization’s core competences and resources (Maelah et al., 2010, p. 226). Historically, outsourcing was a reaction to poor performance, organizations would outsource due to lack of competence or capacity or as a consequence of financial pressures (Greaver, 1999, p. 13). Today, outsourcing is used by successful organizations as well, mainly in order to build core competences (Greaver, 1999, p. 13) and for cost saving purposes (Freytag et al, 2012, p. 99).

The main reason for the emergence of outsourcing as a strategic option is the competitive forces that organizations face, the pressure to be competitive and continuously increase financial performance (Ghodeswar & Vaidyanathan, 2008, p. 23). The development of an organization is highly dependent on its ability to create and understand the concept of competitive advantage (Nilsson & Rapp, 2005, p. 3). With increasing globalization, organizations face new demands and new areas of competition, which leads to a situation where it is harder to remain competitively strong (Nilsson & Rapp, 2005, p. 4). As a response to this development, many organizations become more flexible and adaptable (Nilsson & Rapp, 2005, p. 4). The specific environment that an organization operates within will decide the appropriate way of organizing, meaning that the way the organization is structured, the control systems and the processes should vary depending on the external environment that the organization is facing (Nilsson & Rapp, 2005, p. 6).

Manufacturers have outsourced parts of the production to vendors for a long time (Greaver, 1999, p. 11). Today, it is a popular strategic move for many other business processes within organizations as well such as accounting, IT and administration (Greaver, 1999, p. 11; McIvor, 2000, p. 22; Freytag et al, 2012, p. 100; Perunovic & Christoffersen, 2012, p. 352). Companies focus on core activities and use outsourcing to outsource non-core business processes such as accounting (Maelah et al, 2010, p. 226). A study made by Deloitte (2015, p. 3) regarding trends in the Nordic market and outsourcing show that outsourcing of finance and accounting in the Nordic countries has increased with almost 400 % during the last couple of years and there is no indication of a decline in growth. The competitive advantage of outsourcing arises when external actors perform non-core functions in a superior manner (Ghodeswar & Vaidyanathan, 2008, p. 24; Maelah et al, 2010, p. 226). This trend can also be seen in the academic world, with an extensive amount of research and articles covering outsourcing and the different aspects of it (Hartman et al., 2017, p. 199). The opportunities of outsourcing and how to manage it successfully have been addressed frequently (See for example: Lonsdale & Cox, 2000).

In contrast to this development, some companies decide to do the opposite and perform some of the previously outsourced activities themselves. The process of moving previously outsourced activities in house has been given less attention. Lately, backsourcing has gained more attention, which is when organizations outsource an activity which was previously executed in house and then bring it back into the organization again (Bhagwatwar et al., 2011, p. 165). This differs from internalizing an outsourced activity that has not been executed within the organization previously. This process is referred to as insourcing, sometimes also described as outsourcing turnback (Maelah et al, 2010, p. 227). It is the withdrawal of an activity that was previously carried out by an external actor (Bengtsson et al., 2005, p. 101). The difference between
the different terms may be regarded as small, but for the purpose of this thesis it is important to separate them from one another.

Although outsourcing can be beneficial for an organization, challenges often arise and expectations remain unfulfilled (McIvor, 2000, p. 22; Freytag et al., 2012, p. 99). There are high risks involved in the outsourcing relationship and surveys among business executives show that dissatisfaction is surprisingly high (Maelah et al, 2010, p. 227). Analyses conducted over two decades ago show that a well functioning internal department could deliver business processes as cheap or even cheaper than the average outsourcing company (Snihs, 2010). Research also show that top performing internal departments often have such high productivity that it would probably be equivalent to the cost savings that outsourcing would have resulted in (Snihs, 2010). According to the accounting firm Deloitte (2015, p. 15), lack of flexibility, inability to gain internal approval, poor quality and lack of experience are the main obstacles for outsourcing and the main reason for turning to another solution. Many business leaders also face challenges in regards to the relationship with the vendor (Deloitte, 2015, p. 3). These results are interesting and important since there are few studies available in the current research stream on how to go from outsourcing to insourcing and the challenges and opportunities inherent in the process (see for one example: Maelah et al, 2010). Considering the amount of research made on outsourcing, the limited research and guidance available for organizations that wish to insource is surprisingly scanty. Hirschheim & Lacity (2000, p. 100) stress the need to expand the research regarding backsourcing to complement the existing knowledge about outsourcing. Hartman et al. (2017, p. 199) keeps claiming that there is a dearth in the existing knowledge about the backsourcing process and the surrounding factors. Based on this, we conclude that the same is true regarding insourcing. We argue that this is where our research can provide valuable information that many organizations can consider and benefit from before and when transitioning from outsourcing to insourcing.

One organization with plans to terminate their current outsourcing contract and find a new solution is Alfa Sweden, which is a fictitious name for the company of focus in this study. Alfa Sweden has its headquarters in Stockholm. They are part of an international group, Alfa, which operates in Asia, North America, Middle East, Africa, Europe and South America. In the end of 2014 Alfa was acquired and left the Beta Group and became Alfa Group. Alfa has been a market leader within its field of the industrial sector for over 25 years and Alfa continues as a leader within the industry. Since its establishment, Alfa Sweden has outsourced their accounting to a well-known supplier but now they are planning to change the arrangement and perhaps internalize the outsourced activities in the near future. When the company was acquired they left a well functioning company with well-established functions and processes. In order to get the company up and running the decision to outsource accounting was made in all countries as a strategic move in order for the organization to focus on their core business and a contract was set up with an international accounting firm which would handle the accounting in all the different companies within the group. This was a good solution in the short run but now the different companies in the group in the different countries are choosing their own solution on how to proceed. In Sweden, the company would benefit from collecting and gaining more information about the insourcing process and what implications it might have for the company, in order to make an informed decision about how to design the new solution. Our research contributes with insights that can
confirm or deny their perception about insourcing and make them more prepared to execute the process in an efficient manner.

1.3 Theoretical background and research gaps
There are two views that are predominant when assessing which activities that are suitable to outsource or insource (Freytag et al., 2012, p. 101). The transaction cost framework of the sourcing decision was developed by Williamson and works as the basis for most of the research regarding outsourcing (McIvor, 2000, p. 23; Harman et al, 2017, p. 199; Lonsdale & Cox, 2000, p. 445). It regards different aspects of the “make or buy” decision and highlights the need to include all cost when assessing the decision, which means both transaction costs and production costs (Lacity & Willcocks, 1996, p. 205). Another view of how the sourcing decision should be assessed, is the resource based view which argues that the sourcing decision should be based out of the company’s core business, and that activities that involve core competences should be kept in house (Freytag et al., 2012, p. 101). We see that these theories are important as a basis for our study since it is the foundation for the sourcing decision, a prerequisite for insourcing, which we will investigate further.

Previous research in the field has focused on outsourcing and the opportunities and the competitive advantages that it offers (Hartman et al., 2017, p. 199). This is not surprising considering the extensive increase in outsourcing that has been seen over the years (Lonsdale & Cox, 2000, p. 449). Heikkilä & Cordon (2002) discuss the drivers for outsourcing and the possible challenges involved and also highlight the importance of not overlooking non-core activities. Freytag et al. (2012) look at situations where outsourcing has failed to achieve the desired objectives and discuss alternative actions if the outsourcing arrangement is not working like expected due to challenges or changing opportunities. Lonsdale & Cox (2000) discusses outsourcing and its history, and that outsourcing is just one mean that companies can use in order to adjust the boundaries of the firm. In an article by Kippenberger (1997) arguments for and against outsourcing is presented and the essence is that the organization needs to find the right balance in terms of efficiency, focus, control and autonomy. Ghodeswar & Vaidyanathan (2008) explore how companies can gain access to the best capabilities through outsourcing, which will ultimately add value to the organization. Embleton & Wright (1998) and Barthelemy (2003) investigate how to manage outsourcing successfully in practice. We argue that in order to assess different aspects of insourcing it is important to establish and know the findings of main research regarding outsourcing.

Since we aim to study the insourcing process specifically, we argue that the outsourcing process can provide us with valuable information. The outsourcing process has been assessed in previous research. Greaver (1999) has written a seminal work on outsourcing with his book “Strategic outsourcing: A structured approach to outsourcing decisions and initiatives” where he explains the outsourcing process step by step and the most relevant questions concerning how to manage it successfully. Brown & Wilson (2005) and Zhu et al. (2001) also present different steps in the outsourcing process and the activities that should be included in each step. By applying this knowledge we aim to develop a process for insourcing and also compare it to the outsourcing process and investigate if there are any similarities. Additionally, this knowledge can facilitate our research regarding the opportunities and challenges in the insourcing process.
Insourcing on the other hand is a relatively new phenomenon that has not been covered by research to the same extent. Often when authors refer to insourcing they actually mean backsourcing, which is something we realized during the development of our research. Therefore, we argue that it is also important to look at the previous research on backsourcing in order to get a real overview of the existing research. Hartman et al. (2017) made an examination of the backsourcing decision and found that the drivers for backsourcing were similar to those of outsourcing. Their study considered backsourcing of manufacturing but provide valuable insight that we can use when assessing the opportunities and challenges with insourcing. Bengtsson et al. (2005) discusses the consequences of backsourcing, both possible opportunities and challenges. In line with this, Veltri et al. (2008) discusses how backsourcing allows the company to handle challenges caused by the outsourcing solution, and respond to opportunities. Research conducted by Whitten & Leidner (2006) examines the factors connected to the decision to backsource or change vendor and also presents several opportunities and challenges.

Existing theory about the backsourcing process can help us fulfill our purpose regarding the insourcing process. Bhagwatwar et al. (2011) developed a framework for the backsourcing process that includes nine steps that companies should go through when changing from outsourcing to backsourcing. The insourcing process on the other hand, and the opportunities and challenges that occur during the insourcing process has not been explored. Maelah et al. (2010) looked at insourcing of accounting that has not been carried out in house before, but they refer to it as “outsourcing turnback” and they explored the risks involved in the process. However, they do not look at the opportunities present in the process. Additionally, they do not focus on capabilities in relation to the insourcing process.

In prior research, capabilities have been assessed in relation to the outsourcing process. Perunović & Christoffersen (2012) look at the role of the supplier in the process and discuss how the supplier’s capabilities determine the success throughout the outsourcing process. However, their focus is not on the opportunities and challenges that may arise during this process. Goles (2003, p. 201) argue that the capabilities of the supplier can have a major influence on the outcome of the outsourcing arrangement. Based on this study we can conclude that the same should apply to insourcing, that the organization’s own capabilities affect the result, which is the main reason why we chose to include this aspect in our research. In line with this, Axelsson (1998, p. 195) stresses the fact that organizations use their capabilities in order to manage various tasks or processes. He explains how the organization’s resources and competences are combined into capabilities and we will apply this in our study. Goles (2003, p. 201) also highlights that the connection between capabilities and the outcome could be an issue for further research.

When assessing the existing knowledge regarding capabilities, most of previous research considers the human aspects. Stavrou-Costea (2005) and Field (2006) both discusses challenges in terms of capabilities and how companies can manage those. The challenges mainly focus on the human factor but are looked at from a more general perspective. Therefore, we argue that there is a need to connect these human capabilities with the insourcing process. However, we will include other types of capabilities as well in order to broaden the research and reveal several interesting aspects.
The outsourcing process and the backsourcing process has been investigated by previous researchers, but we argue that there is a gap in the existing knowledge regarding the insourcing process and what steps it consist of and therefore we identified that as our first research gap. The challenges and risks have been assessed before but not in relation to the companies’ own capabilities. No previous research has explored the opportunities inherent in the insourcing process. Therefore, we aim to investigate how these capabilities are connected to the opportunities and challenges companies experience throughout the insourcing process, which is the second research gap we identified.

1.4 Research Question

- What kind of opportunities and challenges in relation to the organization’s capabilities can arise during the insourcing process?

1.5 Purpose

The purpose of this thesis is to explore the opportunities and challenges that can arise when organizations go through the insourcing process. These opportunities and challenges will be connected to the company’s capabilities, meaning its resources and competences. To explore the insourcing process of accounting, existing knowledge about outsourcing and backsourcing and their processes will be applied. By conducting a qualitative study we aim to build a model of the insourcing process and the steps included in each phase of the process, and provide practical contributions as well as theoretical. This thesis will provide Alfa Sweden with information about the insourcing process. We argue that in order to make an informed sourcing decision, it is necessary to gain information regarding the insourcing process and the opportunities and challenges that may arise. It will contribute to enhanced knowledge within the relatively unexplored field of insourcing by providing steps that can be used when going through the insourcing process as well as identifying some of the opportunities and challenges that may arise.

1.6 Delimitations

During our literature review we realized that different definitions of the concepts regarding outsourcing and insourcing exist. Because outsourcing is the foundation of and a prerequisite for insourcing and they are clearly intertwined, the theoretical section within this degree project will cover different aspects of outsourcing and the outsourcing process. Furthermore, research regarding backsourcing will be used to build our framework, partly because backsourcing is what some researchers have in mind when referring to insourcing and also because many of the ideas of backsourcing can be applied to insourcing as well. Additionally, our study will look at insourcing of accounting specifically since these activities are the ones that Alfa Sweden is reconsidering.

The research will focus on the insourcing process and the opportunities and challenges that may arise during the process but will be delimited in the following ways. This study will not include projects and processes of departments and activities that are currently outsourced to a location abroad, called offshore outsourcing, and then insourced back to the county where the organization is operating. Instead the focus will be on insourcing
of activities from a third party to the organization that is located in the same country. We argue that the insourcing process of activities located abroad is different and could possibly yield different results and mislead us in our research and therefore they have not been included in the study.

We wish to clarify that insourcing in our study means bringing previously outsourced activities into the organization, this definition will be further explained in the theoretical framework. When exploring previous knowledge and research within the field we have seen that insourcing can also be used when describing the phenomenon of insourcing personnel from a third party to the original organization for a period of time (EY, 2011). We will not consider this as insourcing, this because insourcing in our study means building a new department/group and hiring people to perform the activity.
2. Scientific Methodology

In the second chapter of this thesis the study’s assumptions and philosophical stances are presented. The section begins with a description of the theoretical and practical pre-understandings we possess regarding the topics covered in the thesis. In addition, this chapter includes a clarification of the theoretical method selection, research approach and perspective of this study. The chapter concludes with an explanation of the chosen theories and evaluation and criticism of the sources.

2.1 Pre-understandings

Within scientific philosophy the general assumption is that it is not possible for researchers to understand the world without pre-understandings (Gilje & Grimen, 2007, p. 179). In order to make sense of the world, pre-understandings are essential, as they lead us to comprehend things differently (Gilje & Grimen, 2007, p. 179). Our decision to choose insourcing as our subject for our thesis can be derived from our pre-understanding, both theoretical and practical. Our theoretical pre-understandings are based on the courses we have completed during our studies within the professional degree program. We have gained great knowledge regarding various business aspects, which have given us a good foundation to study this subject. Some of the most relevant courses for this thesis are Research methodology and Perspectives on strategy. These courses have provided knowledge regarding for example how to write a thesis and knowledge concerning managerial strategies, which is a part of the basis for this thesis.

A person’s pre-understandings can be connected to that individual’s personal experience which will influence the way in which he or she interpret things (Hartman, 2004, 191). Depending on each person’s background, the experiences will differ, which in turn will influence the way that the person understands interactions with other individuals (Gilje & Grimen, 2007, p. 183). Our practical pre-understandings are based on our real life experiences, which include working within the areas of business and administration locally, and from our international experiences around the world. Since one of us have been working at Alfa Sweden previously, the two of us had different pre-understandings regarding the company and its operations when starting this degree project. This could have an effect on how we understand different aspects of the company’s situation.

As stated by Bryman & Bell (2011, p. 414) pre-understandings about the organization can affect the gathered data because of the insight and knowledge that the researcher has about the company. Therefore we have kept our different interpretations in mind through the whole process of this degree project. We believe that our different pre-understandings could be valuable for our study since they could contribute to two slightly different perspectives on the research area. Having two perspectives that complement each other could also likely generate further insight regarding the subject. In addition, both our understandings have developed throughout the process of this study. Further into the process we gained more awareness and knowledge about the company but also regarding the theoretical framework.

In conclusion, our choice to study Alfa Sweden’s sourcing decision can be seen as consequence of our pre-understandings, both from our education in economics but also
from our international experiences. The study we have chosen to implement should take an objective view, which means that the practical pre-understandings can be a problem. The pre-understandings may have a significant role in the results produced, this because past experiences might affect how we choose to interpret the theory and empirical data. In order to make the study as objective as possible, the study’s content is consistently questioned. To prevent our pre-understandings from effecting the open-mindedness of the research we have had detailed discussions throughout the process concerning our pre-understanding and how the issues could be avoided as well as generate as little bias as possible. However, despite the risk that our pre-understandings can limit our study, we argue that our theoretical and practical experiences give us a broader picture and several perspectives on the phenomena.

2.2 Research philosophy

2.2.1 Ontology
Ontology regards the nature of reality and is based on whether objects should be considered with objectivity as impartial objects or if they should be viewed based on the actors own perceptions and actions (Bryman & Bell, 2011, p. 20). Ontology can be divided into two core approaches, namely objectivism and constructionism (Bryman & Bell, 2011, p. 20). Objectivism means that the external realities are pre-determined and independent of the observer (Silverman, 2006, p. 121). Hence, the chosen subject would be considered as self-determined when being studied (Silverman, 2006, p. 121). According to constructionism the reality is as it’s being perceived by the observer, social actors and their actions affect the reality, meaning that reality is ambiguous and relative (Bryman & Bell, 2011, p. 21; Silverman, 2006, p. 130).

The aim of this thesis is to obtain a clear picture about the insourcing process and its different aspects, thus to gather a profound understanding of the subject. A company’s process to go from outsourcing to insourcing and the opportunities and challenges in every step most likely look different depending on what company that is investigated. Looking at the phenomenon from a point of view where all organizations face the same situation and take the same actions to achieve the same result is therefore not suitable. We argue that a company depends on its managers and workers, and its activities are shaped and affected by the actors involved. Hence, using objectivism as this study’s ontological view is not suitable. In this study we have therefore chosen to focus on the second ontology view, constructionism, since we argue that companies construct and structure their insourcing process based on the organization’s specific conditions and because the study is largely dependent of the observer. Since the purpose of this thesis is to explore the insourcing process and the opportunities and challenges inherent in the process, the constructionist view is appropriate in order to analyze the concept, this because it is affected by social actors on an everyday basis. By applying the constructionist approach, great consideration must therefore be taken to the observer in order to get in-depth information about specific social actors.

2.2.2 Epistemology
Epistemology regards what can be seen as acceptable knowledge within a subject area (Bryman & Bell, 2011, p. 15). Epistemology can be divided into two different points of view, positivism and interpretivism (Bryman & Bell, 2011, pp. 15-16). Positivism represents the use of scientific methods when studying the social world and its aspects
(Silverman, 2006, p. 119). Generally, quantitative methods are therefore connected to the positivistic view, this because the view derives from science where the aim is to find general findings (Silverman, 2006, p. 120). This approach tries to use scientific methods on the social reality under the assumption that the same rules, regularities and patterns existing in sciences are also present in the social world (Bryman & Bell, 2011, p. 15). Interpretivism, on the other hand, is the opposite to positivism and takes the difference between actors and scientific study objects into consideration by adding subjectivity through understanding and interpretations (Saunders et al., 2012, p. 137). The importance of seeing the whole picture and the aim of the study is emphasized, which is achieved by obtaining the studied object’s perspective, how they interpret and understand reality (Bryman & Bell, 2011, p. 16).

Since the purpose of this thesis is to create an understanding of the steps of the insourcing process and the opportunities and challenges, rather than to draw general conclusions and discover regularities, the interpretivistic perspective was chosen. We argue that this study’s research question cannot be answered in an objective way without considerations and interpretations from the social context. Since the study will be conducted through interviews we realize that our personal interpretations and values will affect the design of the chapter with the empirical findings. In addition we might also interpret the same interview in two separate ways. Accordingly, and based on the intention of the study, the analysis will include different actors individual values, which is a part of the interpretivistic approach to knowledge. Therefore actors in the study are considered as subjective, and interpretations and understandings pursue the research process.

2.3 Research approach
A study can be conducted through two different approaches, namely deduction and induction (Johansson, 1993, p. 55). A deductive approach means that already existing theories are examined against reality (Saunders et al., 2012, p. 145). The basis is a theoretical framework, e.g. theories or models, that the researcher draws conclusions based on (Bryman & Bell, 2011, p. 11). Induction is the opposite of deduction (Hartman, 2004, p. 151) and is based on reality and builds theories based on the findings of the research and theory is a result of the research (Bryman & Bell, 2011, p. 13). The inductive approach is used in order to discover connections in the exploratory study through interviews (Hartman, 2004, p. 151). A combination of the two approaches is called abduction and involves a movement back and forth between theory and findings (Bryman & Bell, 2011, p. 13). Abduction further means that the empirical findings of the study get tested against the theoretical framework in order to gather knowledge in the subject area (Bryman & Bell, 2011, p. 13).

Based on the above, deduction was selected as the research approach for this study because theories constitute the basis for the interviews conducted in the study. The deductive approach allowed us to collect and analyze the data against the theoretical framework. We believe that having a theoretical foundation is essential when performing a study, regardless of if it is a quantitative or qualitative study. Our study consists of qualitative research where the literature review and findings from earlier research guide the approach of the data collection. Consequently, our study is conducted based on theories about outsourcing, backsourcing and capabilities. The qualitative research will generate themes to be analyzed and compared to the existing theories in
the theoretical framework. In order to analyze if the study’s results conform to the chosen theories, we therefore argue that the deductive approach is suitable. Although this study is qualitative, we argue that a theoretical background is necessary as a basis before conducting the research and collecting the data.

2.4 Choice of theories
Reviewing the existing literature within a field is important in order to gain deeper knowledge regarding the subject but also in order to place the study within a broader setting (Bryman & Bell, 2011, p. 91). With the problem background as our basis, a literature review was conducted in order to establish what has already been explored within the field, in order to find a gap in the existing research. The theoretical framework starts with an assessment of the sourcing decision and the questions and aspects involved in the decision. We have chosen to include the two most relevant perspectives applied in relation to the sourcing decision, the cost based view and the competence based view in order to explain why companies outsource in the first place and why they might choose to insource some activities.

In order to assess the topic of insourcing it is necessary to explore the existing literature and perceptions regarding outsourcing. It includes investigating the opportunities and challenges of the solution and what the process looks like. The outsourcing process will provide us with information that can help us assess the design of the insourcing process. The existing literature regarding backsourcing can help us when exploring the insourcing topic, especially since the research regarding insourcing is limited. In terms of backsourcing the opportunities and challenges as well as the process are examined. When analyzing the insourcing process and the opportunities and challenges that may arise, the company’s capabilities are central. We argue that the resources and competences available will determine if the change will be beneficial or not, which is why capabilities was included in our theoretical framework.

2.5 Literature search
In order to get a profound understanding of the previous research within the chosen topic, we started our literature search by searching and reading the already existing theories and research. When assessing the existing knowledge within the subject we could see that the research regarding outsourcing is widespread and many of the studies refer to the same authors. Backsourcing, which is similar to insourcing, has been covered to some extent. Research regarding insourcing on the other hand, is clearly limited. Consequently, through the literature search we identified a knowledge gap where further research is needed.

The literature search was mainly conducted through different search engines. Mostly, Umeå University Library’s search databases and Google scholar were used. These types of databases provide access to e-journals and are invaluable when conducting research (Bryman & Bell, 2011, p. 104). In order to delimit the literature search and find articles that are relevant to our research, several keywords were used. Our keywords during the literature search were initially: insourcing, outsourcing, process, strategy, competitive advantage, resources, competences, capabilities, core competence, challenges and opportunities. During the literature search other keywords arose, such as backsourcing, outsourcing turnback, change process and decision-making process. If one valuable article was found we also looked at the reference list of that article to get access to more
information about specific arguments and ideas. The sources used in this thesis are economic literature, course books, scientific articles and websites. All the scientific articles are peer-reviewed in order to ensure that all theories used for the theoretical framework are accurate and of high academic quality.

2.6 Credibility of sources
When using external sources there is always a risk concerning how well the theory corresponds to reality. In order for this study to be as credible as possible it is significant to have a critical approach to the information it is based on. The theories in the theoretical framework have been gathered from various books and scientific articles. Some of the sources are directly connected to the purpose of this study while others are not, hence presenting a different point of view of the subject area. For example theories concerning opportunities and challenges for backsourcing and outsourcing theories are mainly based on a manufacturing business standpoint, while this thesis focus is on accounting services.

When building our theoretical framework we tried to find a number of sources for each theoretical area in order to not have a single author’s view on the topic. However, regarding the backsourcing process for example, only one source was found. In order to achieve a high level of reliability a thorough literature research was conducted and material was collected from economic literature, scientific articles and websites. The number of virtual documents appearing on the Internet is continuously increasing which provides huge potential for gathering relevant documents (Bryman & Bell, 2011, p. 558). However, one must consider both the authenticity of the author who has produced the text as well as the credibility of the claims (Bryman & Bell, 2011, p. 558). Most of the economic literature used in this thesis has been retrieved from the Internet and only a few are retrieved from physical books. When choosing the theories for the framework we carefully evaluated the relevance of each theory and model relative to our study’s purpose and research question. The thesis is mainly based on theories from sources that are considered to have high reliability and credibility. This because sources such as economic literature and scientific articles that are complete and have been critically reviewed before being published have been used, which we argue contribute to the credibility and reliability.

Even though the sources are seen as trustworthy, we have taken into account that some of the literature is several years old, which means that the information might have changed or been developed further. When it comes to theories regarding insourcing and outsourcing it was not easy to find recently published information. Even though it was not easy to find new information we believe that the theories used still are highly topical. However, one should acknowledge that these seminal works created the foundation for the research field but might not fully reflect the situation that businesses are experiencing today. We also took into consideration that the literature might be based on the author’s approach to the specific topic to some extent. Since theories regarding insourcing turned out to be relatively limited in comparison with research concerning outsourcing and backsourcing, a great amount of theories derived from those. However, we do believe that those theories are relevant to the study and useful given the study’s content.
Websites can easily be created and edited by almost anyone (Bryman & Bell, 2011, p. 558), resulting in it sometimes being difficult to comprehend the author’s purpose with the information. We took this into account and tried to avoid using websites as sources as much as possible. However, to a small extent, websites have been used in the thesis in order to provide background information and statistics for the introduction chapter. The information used from websites cannot be found in other literature, and hence are the primary sources; therefore we argue that the use of those websites does not affect the credibility of the study.
3. Theoretical Framework

In this chapter, we present a review of previous literature and the theories that has been examined for this study. The theoretical framework gives the reader a general understanding of the research area. In order to understand the insourcing process and its implications, the framework begins with an explanation of the decisions that companies face regarding insourcing and outsourcing. Thereafter follows a section where the outsourcing concept and the opportunities and challenges are clarified followed by theory regarding insourcing and backsourcing. Lastly, capabilities in an organizational context are examined. The theories are discussed in relation to this study.

3.1 Strategic sourcing

When developing a strategy, managers must consider whether to “make or buy” certain tasks (Embleton & Wright, 1998, p. 95). Decisions regarding whether to make or buy are critical elements of cost management in manufacturing as well as for non-manufacturing activities such as accounting, HR or IT (Tayles & Drury, 2001, p. 606). The decision whether to make or buy involve considerations regarding for example cost and profitability as well as strategic issues and efficiency and risk in relation to quality (Tayles & Drury, 2001, p. 606). According to Embleton & Wright (1998, p. 95) the focus on cost cutting has had an extensive significance for successful firms over the years and the technology development has also contributed to the increasing focus on outsourcing. The access to technology and computers have changed the structure of the work, both the task and the organizational structure, accelerated the pace of change and the communication possibilities. Additionally, business is no longer location bound, since most work can be performed anywhere in the world. However, the question is complex and previous experiences within the field shows that the decision whether to make or buy should involve more than an analysis about expected cost and revenue (Axelsson, 1998, p. 213-214). Despite this, many organizations decide to outsource in order to achieve short-term goals of reducing costs and increasing capacity instead of taking a more long-term strategic view (McIvor, 2000, p. 24). Kippenberger (1997, p. 23) also address the short- and long-term success of the organization and claims that there is a need to find a balance between efficiency, in order to survive and succeed, and learning in order to prosper over time.

An illustration of the different sourcing options available for organizations can be found in Figure 1 and it originates out of the “make or buy” decision. We argue that organizations that have chosen to outsource an activity to an external vendor from the start, which is the situation we have chosen to focus on in this thesis, have three options. They can either continue the existing outsourcing arrangement, continue to outsource but change vendor, or change to insourcing. Figure 1 also illustrates the difference between insourcing and backsourcing.
The existing academic literature regarding the outsourcing decision offer a variety of different theoretical stances but some perspectives are more widely used than others (Freytag et al., 2012, p. 101). The most typical approaches are the transaction cost framework, the resource based view and the strategic approach (Freytag et al., 2012, p. 101). We have chosen to build our framework based on the transaction cost framework and the resource based view because those were the most relevant perspectives when we examined previous literature regarding the “make or buy” decision. The decision is about finding the most beneficial governance structure and creating and sustaining a competitive advantage and these two views assess these particular issues (McIvor, 2008, p. 25). McIvor (2008, p. 26) suggest that it could be beneficial to integrate the resource based view and the transaction cost framework. However, we agree with Freytag et al. (2012, p. 101) in their suggestion that the theoretical perspectives should be regarded as different views “in search of a common ground”. We have chosen to include these perspectives in our study because we believe that they can enrich the knowledge about the outsourcing decision, which will further contribute to our study about insourcing and the insourcing process in particular. As mentioned before, the insourcing decision is closely connected to outsourcing and by leveraging the existing knowledge about outsourcing we can gain valuable insights, which will further strengthen our research.

3.1.1 Transaction cost framework
The Nobel prize winning economist Oliver Williamson (1981) developed the transaction cost framework, which aims to aid the decision whether to integrate or outsource activities and regards the relative costs of either alternative (Johnson et al., 2014, p. 236). It was developed as a reaction to the discrepancy between the reality that organizations have to cope with and the existing economic theory (Lacity & Willcocks, 1996, p. 205). This framework works as the dominant theory in the existing literature regarding outsourcing (Walker & Weber, 1984, p. 374; McIvor, 2000, p. 23; Harman et al, 2017, p. 199; Lonsdale & Cox, 2000, p. 445). This is not surprising since the
framework is focusing largely on the sourcing decision (Lacity & Willcocks, 1996, p. 204). When selecting among sourcing alternatives, managers should consider more than just production costs (capital, labor and material) and include an assessment of transaction costs as well (Lacity & Willcocks, 1996, p. 205). The transaction costs are the costs of coordinating, controlling, monitoring and managing the transactions (Lacity & Willcocks, 1996, p. 205). The use of transaction cost theory in relation to outsourcing of accounting is limited (Everaert et al, 2010, p. 94). There are only a few studies available that explore outsourcing of service functions such as accounting, despite the increasing use of outsourcing in practice (Everaert et al, 2010, p. 94). It could be beneficial to apply this perspective to the accounting sourcing decision in order to enrich the limited knowledge available.

Williamson argues that the outsourcing decision should involve more than just an assessment of capabilities (cited in Johnson et al., 2014, p. 236). Transaction cost economics extends the view that economic organization’s biggest problem is economizing, i.e. trying to be efficient (Williamson, 1986, p. 619). It regards the contractual phenomena, i.e. the relationship between seller and buyer. The relationship can take various forms depending on the assets and how redeployable they are (Williamson, 1986, p. 619). The essence of the framework is to maximize performance and reduce costs by optimizing the effort and resources involved (Hartman et al, 2016, p. 199), i.e. if others can produce at a lower cost, the activity should be outsourced (Freytag et al., 2012, p. 101). However, transaction costs are generally lower with insourcing (Lacity & Willcocks, 1996, p. 205).

The total cost can be difficult to assess in practice but the cost can be estimated based on the type of the transaction, how frequently it occurs and how asset specific it is (Lacity & Willcocks, 1996, p. 205). There are some conditions (Johnson et al., 2014, p. 238; Lacity & Willcocks, 1996, p. 207) that make integration more suitable than outsourcing:

  - there are few suppliers of the particular activity
  - the activities are complex
  - Investments are significant and regards specific assets

The transaction cost framework consist of two behavioral assumptions of human agents, bounded rationality and opportunism (Williamson, 1986, p. 617). Bounded rationality can be described as behavior that is intended to be rational but that has limitations that are unavoidable which in turn makes them incomplete (Williamson, 1986, pp. 617-618). Williamson (1981, p. 554) defines opportunism as “self-interest seeking with guile”, which means that vendors will try to find the solution that will benefit them the most and provide them with an advantage, even if they have to provide false or incomplete information. Employee opportunism can be managed internally through rewards and punishments but avoiding vendor opportunism requires transaction costs through monitoring etc. (Lacity & Willcocks, 1996, p. 205). The long term-cost of opportunism should not be underestimated and carefully considered when making sourcing decisions (Johnson et al., 2014, p. 236). This because agents will most likely take advantage of the situation in the long run by charging higher prices or reducing quality (Johnson et al., 2014, p. 236). This is a highly relevant aspect for Alfa Sweden to consider and evaluate. They must assess the total costs involved in each alternative and not overlook the impact of opportunism in their relationship with the accounting firm.
3.1.2 Resource based view

Today, markets are developing rapidly, making it necessary for companies to put their main focus on their core business (Axelsson, 1998, p. 194). The resource based view stresses the need to retain activities that involve core competences in house (Freytag et al., 2012, p. 101). “Core competence” is a well-known term in relation to the make or buy decision (McIvor, 2000, p. 23). The core competence is connected to the fundamental activities in a company and the activities that are distinguishing for the organization (Axelsson, 1998, p. 194). Accordingly, core competence differs between different companies and contexts (Axelsson, 1998, p. 194). The idea with core competences is that they are the real source of competitive advantage since they are difficult for others to replicate, unlike physical resources, which can become obsolete no matter how innovative they may seem (McIvor, 2000, p. 23). Core competences are “the collective learning in the organization” which can adapt quickly to a changing business environment (McIvor, 2000, p. 24).

Three characteristic features defines core competences, (1) uniqueness that differentiates the company from the competitors, (2) difficulty to imitate and long lastingness, and (3) abilities that can be utilized for different types of products and markets (Bengtsson et al., 2005, p. 54; Prahalad & Hamel, 1990, pp. 83-84). Axelsson (1998, p. 195) stresses the importance of identifying the activity based on the company’s core competence in order for a company to decide if an activity should be insourced or outsourced. The company should concentrate on those activities and resources that can create a unique value (Axelsson, 1998, p. 195). Bengtsson et al. (2005, p. 101) also suggest that activities suitable for outsourcing are those that do not belong to the core business. However, in practice it can be difficult to distinguish what activities are “core” and distinctive and unique in the company (McIvor, 2000, p. 26; Bengtsson et al., 2005, p. 101). The efficiency of a company’s core business in relation to its competitors is the key to valuable core competences, which then creates sustainable competitive advantage (Axelsson, 1998, p. 194).

A competence that it considered a core competence to a business at one point in time does not necessarily have to be the central one in the future (Prahalad & Hamel, 1990, p. 80). External changes on the markets, technology development or changes within the company can result in the core competence being altered (Axelsson, 1998, p. 207). This means that there is a great risk of putting too much focus on the core business when it is not certain and also changing frequently (Axelsson, 1998, p. 207). It is also important to emphasize that focusing on core competences and outsourcing can be beneficial in order to increase an organization’s competitive advantage but that the organization also risk missing out on people-embodied skills that may contribute to organizational success in the future (McIvor, 2000, p. 26).

Defining the significance of different activities, can help managers decide if an activity should be outsourced or insourced (Quinn & Hilmer, 1994, p. 43). The activities close to the center, the core, should be kept in house while activities in the periphery become relevant to be outsourced to an external party (Long-Vickers Koch 1992 cited in Axelsson, 1998, pp. 203-204). Closest to the center are the “Cutting edge” activities (Axelsson, 1998, p. 203) which are crucial for the business competitive advantage, and hence also for the company’s future strategy. These activities should always be handled internally, this because they needs to be developed in the present in order to form the
futures core competence. The core activities (Axelsson, 1998, p. 203) constitute the basis for the company. They create potential competitive advantages, and these activities and competences form the rest of the business. The support activities (Axelsson, 1998, p. 203) support the core activities and are therefore necessary in the organization in order for the core activities to be utilized properly. Separable activities (Axelsson, 1998, p. 204) are activities that are included in the main process but can easily be separated since the activities do not constitute an active part in the core competence. Finally peripheral activities (Axelsson, 1998, p. 204) are the furthest away from the core and do not affect the main processes, therefore these activities can be carried out by an external party. Based on this, we can conclude that a clear identification of the company’s core business forms the basis for a decision regarding insourcing or outsourcing. Based on this information we argue that it is important to identify and evaluate the company’s core competences when deciding to insource an activity or not. It is important for Alfa Sweden, and other companies that are thinking about insourcing, to investigate and know what is central to the company’s business in order to put their main effort on these activities and keep their competitive advantage for the future. Additionally, a strategic analysis will be beneficial for Alfa Sweden when determining how to proceed with their future changes. Assessing the core competences and core business will allow us to get a deeper understanding regarding the challenges and opportunities that may arise in the different phases of the insourcing process which will serve as a foundation for our recommendations regarding whether Alfa Sweden should “make or buy” their accounting activities.

According to Heikkilä & Cordon (2002, p. 183), core competences are often used by managers in practice, as a tool when making sourcing decisions. However, in contrast to Axelsson, Heikkilä & Cordon questions how useful the ‘core and non-core competence’ concept actually is in the decision making process (Heikkilä & Cordon, 2002, p. 184). The authors’ question how the core and non-core activities are classified and suggests that managers instead should divide in-house activities into distinctive, essential and protective competences (Heikkilä & Cordon, 2002, p. 188). The authors also stresses the importance of analyzing efficiency and risks, evaluate options, good implementation work and management of the activities and continuously assess the company’s ability in order to make the sourcing decision successful in the long run (Heikkilä & Cordon, 2002, pp. 191-192). Hence one can conclude that only classifying the company’s activities into core and non-core activities is not enough in order to make an informed decision that will benefit the company. Evidently, several other factors affect if an activity should be insourced or not. The fact that an activity is a non-core activity for the organization consequently does not necessary mean that it is most beneficial to outsource the activity.

The resource based view address the capabilities necessary to attain and maintain competitive advantage (Johnson et al., 2014, p. 71, 80) and the assessment of core and noncore capabilities will then aid the sourcing decision. It is a suitable perspective for our study since we aim to investigate the role of an organization’s capabilities in the insourcing process. However, we believe that the decision to outsource or insource should also depend on the long-term goals that the organization has and therefore it is important to determine what those are. As mentioned before, outsourcing is often a response to a short-term goal and the long-term strategic view is not fully considered (McIvor, 2000, p. 24). Depending on the long-term goals it can be beneficial to build and keep competence within the organization. Accounting may not be categorized as a
“cutting edge” or core activity according to Axelsson (1998) but the context will always determine if it is appropriate or not to outsource. Hence, in this case it might be beneficial to insource. Especially since the organization also risk missing out on people-embodied skills that may contribute to organizational success in the future (McIvor, 2000, p. 26).

3.2 Outsourcing
The increasing use of outsourcing as a strategic move has had a great impact on business and has redefined the boundaries of today’s firms (Hartman et al., 2016, p. 198). The definitions of outsourcing vary but most of them describe it as the transferal of a task to an outside vendor (Embleton & Wright, 1998, p. 94; Bengtsson et al., 2005, p. 11). In this thesis, we consider outsourcing as the transferal of an activity or service to an external part in order to increase competitiveness and improve overall performance. It involves making the best use of the organization’s core competences and resources and leverage their capabilities (Maelah et al., 2010, p. 226). It is about finding expertise outside the organization (Embleton & Wright, 1998, p. 95). However, it is not just a purchase decision (Freytag et al., 2012, p. 99) and it goes beyond the use of consultants since the activities outsourced are recurring (Greaver, 1999, p. 3) and it is not synonymous with contracting out (Embleton & Wright, 1998, p. 94). The latter regards assigning work to an external supplier on a job-by-job basis whereas outsourcing is a strategic move with a longer time perspective (Embleton & Wright, 1998, p. 94).

The key for assessing which activities that are suitable for outsourcing is to make a strategic analysis of the organization (Embleton & Wright, 1998, p. 100). Embleton & Wright (1998, p. 100), propose five criteria in order to evaluate if an activity is suitable to outsource. It depends on whether it is a routine activity, it is clearly delineated, that it can be measured and monitored from a distance and if vendors can pursue the activity and if they are offered in a competitive environment (Embleton & Wright, 1998, p. 100). The strategic analysis should also include a cost analysis, to assess all costs associated with the activity in order to determine whether outsourcing is an option. It is also necessary to determine the level of quality acceptable and what the goals are. Additionally, the cultural impact of outsourcing should not be overlooked. Lastly, the time perspective should be assessed. (Embleton & Wright, 1998, p. 101) Through our research we aim to investigate if these criteria developed by Embleton & Wright (1998) are used by the organizations participating in this study.

Probert (1996, pp. 45-46) present a similar framework for evaluating if outsourcing is the best option, the first step is to make an appraisal of the business, which includes data collection, and an evaluation of the different strategic issues that the organization is facing. The second step is to make an internal and external analysis and identify competitive and important processes. The third step is to combine the data from step one with the different alternatives identified in step two and evaluate the different sourcing options. The final step is to choose the optimal solution for current and future business. McIvor (2000, pp. 28-30) developed an outsourcing framework based on these steps which integrates the decision making process with aspects of the value chain, core competences and the access to suppliers. The essence is that once the core activities have been identified, relevant value chain activities should be evaluated and the competencies should be benchmarked against other external vendors (McIvor, 2000, p.
In cases where the company is more competent than the external vendors, the organization should keep the activity in-house, or outsource if they may not be able to sustain their competitive advantage in the future (McIvor, 2000, p. 33). If the external vendors are more competent, the organization can outsource the activity (McIvor, 2000, p. 34). The alternative is that the organization can invest to perform internally, which is suitable if the activity can help to achieve future growth (McIvor, 2000, p. 34). Lastly, the organization must assess suitable suppliers and create a collaborative relationship, where this is not possible for some reason, the organization should invest to perform the activity themselves (McIvor, 2000, p. 35).

3.2.1 Opportunities and challenges with outsourcing
Markets, competition and technology are constantly evolving and through outsourcing companies can keep up with this evolution and perform better than the competitors (Ghodeswar & Vaidyanathan, 2008, p. 31). Greaver (1999, pp. 4-5) proposes six different reasons behind the outsourcing decision. They can be organizationally driven, aiming to for example increase effectiveness or flexibility. Improvement driven reasons, like the name suggests, are driven by improvement, regarding for example operating performance, risk management and control. The reasons can also be financially driven, revenue driven, cost driven and employee driven. Embleton & Wright (1998, p. 98) discuss opportunities with outsourcing, which include cost savings, time savings, the discovery of hidden costs, greater flexibility, increased accountability and quality. Lonsdale & Cox (2000, p. 447) bring up similar opportunities with outsourcing, the possibility for the firm to focus on core activities, possibility to reduce costs, being able to convert fixed cost to variable, time reduction and attain benefits brought to them by the vendor’s investments. Axelsson (1998, p. 193) also share similar ideas about the opportunities of outsourcing but in addition bring up the opportunity of gaining input from the outside and spreading the risk. By using outsourcing, companies can become more efficient and utilize assets by using the best practices in the industry, which can enhance their value chain and create new markets (Ghodeswar & Vaidyanathan, 2008, p. 31; Heikkilä & Cordon, 2002, p. 185). Through outsourcing to an external organization the company can get access to techniques, tools and new technology, which the company might not possess at the moment (Heikkilä & Cordon, 2002, p. 185-186). The external actor can also provide structured procedures, documentation and methodologies as well as a competitive advantage through great skills (Ghodeswar & Vaidyanathan, 2008, p. 31).

Outsourcing also comes with challenges and sometimes it cannot achieve the desired objectives (Kippenberger, 1997, p. 22). According to Freytag et al. (2012, p. 101) the challenges that might occur when outsourcing arise due to one or more of the following reasons; the activity should not have been outsourced, the process was not executed properly, there was a better solution available but it was not identified, that problems in the relationship with the vendor arise over time or due to unexpected changes. In order for outsourcing to be successful it is important to make the right strategic decisions (Embleton & Wright, 1998, p. 100). Previous studies regarding the outcomes of outsourcing show conflicting results (Bengtsson et al, 2005, p. 58). Embleton & Wright (1998, p. 99) state that cost savings is often the main objective, but the truth is that many only break-even, and some even increase their costs by outsourcing. The authors propose that some other challenging aspects of outsourcing include decreased control, that it could be costly internalize the activity, change may cost more than expected, decreased morale in the workforce, contract costs and decreased quality control, not
always possible to get access to information because the vendor have many clients to satisfy and therefore have to prioritize and the fact that the vendor will charge a higher price to gain profit. Additional aspects that may have a challenging impact on the organization include the risk of losing confidential information, risk of social and legal issues and communication problems (Axelsson, 1998, p. 193).

There are four solutions available when an organization’s outsourced activities are not fulfilling the expectations, namely to maintain the same outsourcing partner, to find a new one, to backsource or to establish a new firm to perform the activities (Fretytag et al., 2012, p. 106). These aspects are important for our research because the underlying opportunities and challenges of the outsourcing decision and process can be compared or may even correspond to our findings regarding challenges and opportunities in the insourcing process. Additionally, the different alternatives available when outsourcing needs to be reconsidered and can provide important insights to the analysis we aim to provide for Alfa Sweden.

3.2.2 The outsourcing process

The previous literature and research regarding the insourcing process is clearly limited. When termination of an outsourcing contract is considered it is often the last step in the overall outsourcing process and not a detailed process in itself (Maelah et al., 2010, p. 230). Zhu et al, (2001, p. 373) argues that organizations that can manage strategic changes in a fast-changing world will be rewarded, and therefore knowledge about planning and the process is necessary. In this case the authors were referring to the outsourcing process but we argue that the same applies to other types of strategic sourcing. Based on this fact, the outsourcing process will serve as the foundation for the development of the steps involved in the insourcing process.

Greaver (1998) presented a step-by-step process on how to practically go through with the outsourcing process. He argues that the process should always be modified for the specific organization but one should be careful to overlook or underestimate the importance of each step (Greaver, 1998, p. 17). The first phase in the process is planning and it involves assessing the risks involved in the change and determining who should be in charge of the change and that they have the proper resources to do it (Greaver, 1998, p. 18). Naturally, any process should start with a phase of planning in order to set the objectives. The next step, exploring strategic implications is about understanding what the organization is aiming for and determining the frames for the outsourcing contract. The third step is to analyze cost and performance, meaning measurement of activity costs, performance, benchmarking and to determine risks, values of assets and final targets (Greaver, 1998, p. 18). Selecting vendors is about deciding upon the desired qualifications, identifying vendors and evaluating their proposals. The fifth step is negotiation and to announce the relationship. The transitioning phase is about addressing issues that can arise in the process regarding for example human resources and communication, counseling for employees whose employment is terminated and finally to physically move. The last phase in the process is to manage the relationship, building a strong relationship where problems are solved and performance is evaluated in a suitable way (Greaver, 1998, p. 18). Some of the steps can benefit from running parallel even if they are presented as chronological. As the process develops there might be a need to go back and adjust or evaluate some of the steps (Greaver, 1998, p. 17).
Brown & Wilson (2005, p. 25) have a similar idea of the phases of the outsourcing process. First, you have the strategy phase where objectives and the scope is determined. Additionally, this phase is about planning and estimating the total time, resources and budget for the outsourcing initiative. The next phase is about scope, where you specify what you expect from suppliers and based on that you chose the most suitable supplier. After that, you enter the negotiation phase where the contract is designed. The fourth phase is the implementation phase followed by the fifth phase, which is the management phase. The management phase is about ensuring a successful outcome of the relationship. Finally, the completion phase is about deciding whether to continue the relationship after the contract has ended or if another alternative is more suitable, such as choosing another vendor or to bring the process back in-house.

Zhu et al. (2001, p. 373) present their view of the outsourcing process as having four stages. The process begins with the planning stage, which includes developing a business plan and a calculation of estimated costs for each alternative. Further, this stage should consider impacts that the decision might have on other factors such as the surrounding community or the employees (Zhu et al., 2001, p. 374). The developing stage involves a negotiation between the two parties involved and the setting up of a contract, it should also clarify the business relationship, how communication should be handled and the outsourcing timeline (Zhu et al., 2001, p. 375-376). The third stage, the implementation stage, is a lot about making a detailed transition plan, following it and making sure that everything gets completed (Zhu et al., 2001, p. 376). Lastly, the final stage of the process is to review the effort, if the specific objectives have been met. The process itself should also be analyzed in order to identify areas for improvement. (Zhu et al., 2001, p. 377)

Figure 2 below is developed based on these ideas about the outsourcing process. This model will serve as a basis for our research, interviews and analysis of the insourcing process because we aim to see if the phases of the insourcing process are similar to the ones in the outsourcing process. We argue that it will be beneficial to leverage the existing knowledge about outsourcing when assessing questions about insourcing. Naturally, some of the aspects of the outsourcing process cannot be applied in the case of insourcing. We argue that all of the steps proposed by Greaver (1998), Zhu et al. (2001) and Brown & Wilson (2005) can be ordered into the phases illustrated in Figure 2. We aim to see if these three phases can be used a basis for the insourcing process when exploring the opportunities and challenges organizations face. Depending on our findings, there is a possibility that the process will be expanded or modified after we have conducted our research.
3.3 Backsourcing and insourcing

As mentioned previously, the different terminology within this field is often used interchangeably and some ambiguity exists regarding the terms (Hartman et al., 2016, p. 199). The difference between insourcing and backsourcing can be considered small and many authors use the term insourcing when they are actually referring to backsourcing. As an example, Bengtsson et al., (2005, p. 11), use the term insourcing but the definition provided corresponds better with backsourcing. The author state that it is regarded as bringing back an activity that was previously carried out in-house and therefore it is from now on referred to as backsourcing. Hartman et al., (2016, p. 199) also use the word insourcing but refer to it as the “decision to reincorporate an outsourced activity within a company that had formerly been transferred to an external supplier” (Hartman et al., 2016, p. 199).

The definition of backsourcing is “the process of recalling operations ‘back in-house’ after they have been outsourced” (Bhagwatwar et al., 2011, p. 165). Insourcing on the other hand, is the withdrawal of an activity that was previously carried out by an external actor (Maelah et al, 2010, p. 226). Hence, the difference in the definition is small. However, in practice, we argue that the difference will have an effect on the opportunities and challenges inherent in the process. There is a great difference in taking back something that the organization has previously done before, and therefore possess knowledge about, and creating a new solution without previous experience. Maelah et al., (2010) conducted research regarding the challenges in the insourcing process of accounting, their research present several challenges that can arise during insourcing such as error in information security, that vendors are reluctant to release info, that there is no accounting system in place within the organization, lack of in house expertise, limited budget, that the new accounting system is not compatible and that the staff can not correspond to increasing volumes. Our research will investigate if these challenges can be confirmed and further extended and linked to the company’s capabilities. Additionally if we can identify the opportunities that insourcing can provide.

The field has developed over the years and therefore we argue that from now on, it is necessary to separate the different terms. We understand that backsourcing has been given more attention in research because it represents a more traditional organic development, that you build the organization yourself and then outsource to increase competitiveness. Our definition of insourcing can only be used by organizations that outsourced an activity from the beginning. Although we argue that insourcing and backsourcing cannot be considered the same thing we believe that it will be beneficial for our research to consider knowledge about backsourcing and the opportunities and challenges in the backsourcing process when conducting research about insourcing. We argue that it is not possible to conduct research about insourcing without incorporating research regarding backsourcing since the theoretical base will not be sufficient enough.

3.3.1 Opportunities and challenges with backsourcing

Companies usually decide to backsource when the outsourcing arrangement does not work as planned (Tadelis 2007, p. 265) and they have enough evidence that their outsourcing-solution is no longer the best option (Chapman & Andrade, 1998, p. 57). As an example, the decision to outsource could have been a mistake right from the start
and it is no longer beneficial to continue outsourcing and lose more money (Tadelis, 2007, p. 265). Alternatively, the outsourcing decision made sense from the beginning but the business environment has changed and the reasons for outsourcing might no longer exist (Tadelis, 2007, p. 265).

Backsourcing opens up for some potential opportunities for the company (Bengtsson et al., 2005, p. 109). As a business strategy, backsourcing can give the company several opportunities such as better responsiveness, quicker turnaround times, greater customer satisfaction and superior quality (Heaton, 2004, p. 96). By bringing a business process in-house, the company gains control over how the activities are pursued (Heaton, 2004, p. 96). By choosing backsourcing, companies can raise the level of utilization of the company’s own resources and it can also allow the company to produce at a lower cost in a short term perspective (Bengtsson et al., 2005, p. 101). Backsourcing can give the company greater control of the previously outsourced activity’s costs and the more effective communication made possible through backsourcing can present cost advantages not visible at first sight (Heaton, 2004, p. 94). Having co-workers from different departments operating in a close location opens up for opportunities to make small changes, which can improve efficiency, quality and lower costs and lead to improved management of bureaucracy, accountability and turnaround time (Heaton, 2004, p. 94).

Choosing backsourcing can also be a strategic measure in order to increase the business value added (Bengtsson et al., 2005, p. 112). For example, it gives the company an opportunity to gather knowledge internally, it becomes less dependent on suppliers and the risk of confidential knowledge spreading outside the company gets reduced (Swartling, 2005, s. 101). Strategic backsourcing requires new skills and knowledge to be built up in the company and knowledge has to be transferred from the external actor, whom might not be too cooperative (Bengtsson et al., 2005, p. 101). The consequences of backsourcing can therefore vary depending on the specific context (Bengtsson et al., 2005, p. 101).

By bringing back the function in-house the company can avoid different challenges present when outsourcing, however that does not mean that backsourcing comes without challenges (Chapman & Andrade, 1998, p. 57). At the beginning of the process, actions such as restructuring a part or an entire department might be needed, which can result in several challenges for the company (Chapman & Andrade, 1998, p. 57). Cost is the first factor companies need to consider, which includes the time, money and effort that the company put into the backsourcing process (Whitten & Leidner, 2006, p. 615). As previously discussed, the main reason for outsourcing is that the company lack the resources necessary such as competences and equipment to perform the function in-house and instead choose to focus on their core business and competences (Maelah et al., 2010, p. 226). Consequently, when deciding to backsource the company has to manage these cost issues, which might turn out to be higher than expected (Chapman & Andrade, 1998, p. 57). Beyond the costs, the process will also affect managers, employees and other departments in the organization (Taylor, 2005, p. 152).

During the backsourcing process the company also needs to consider technical acquisitions (Whitten et al., 2010, p. 168). In order to perform the function in-house it might be necessary to buy new equipment (Whitten et al., 2010, p. 168). This might be an investment that only needs to be done once, but it can be costly and cause short-term
negative consequences on the company’s economy (Bengtsson et al., 2005, p. 101). When companies plan to backsource it is therefore crucial to consider the costs in order to anticipate success or possible downs in the process (Whitten et al., 2010, p. 168). Bengtsson et al. (2005, pp. 101-102) also lists some potential challenges with backourcing. Since the supplier normally is specialized in the specific area they obtain the ability to carry out the business process to a high quality and as efficient as possible (Bengtsson et al., 2005, p. 101). As a consequence, backourcing could mean reduced quality and capacity (Bengtsson et al., 2005, p. 101). There is also a risk that the communication and collaboration with the previous supplier get hurt and important information and knowledge becomes unavailable (Whitten & Leidner, 2006, p. 607). Lastly, backourcing could mean lack of focus on the core business (Heikkilä & Cordon, 2002, p. 184).

When deciding to backsource, the company also needs to consider the knowledge transfer (Bhagwatwar et al., 2011, p. 168). Knowledge can be connected to the workers performing the tasks, whom can be either new workers with experience of the backsourced function hired to perform the tasks in-house or employees transferred from the vendor (Bhagwatwar et al., 2011, p. 168). It is important to keep in mind that these new workers might not have enough experience or skills, or that the transferred workers might not feel comfortable in their new job environment (Veltri et al., 2008, p. 58). This is a challenge since the company risk losing valuable knowledge and human resources that might set back the company’s overall performance (Whitten et al., 2010, p. 169). In order to identify and prevent these challenges it is therefore central that the company focuses on management of the human resources early on in the backourcing process (Whitten et al., 2010, p. 169).

Beyond the internal challenges of the backourcing process, there can also be challenges in terms of the company’s external environment (Chapman & Andrade, 1998, p. 89). Customers and partners might not appreciate the changes and consequences that the move from outsourcing to backourcing results in (Bengtsson et al., 2005, p. 102; Taylor, 2005, p. 153). Losing relationships with partners and customers is a major risk that can have negative impact on the company’s reputation as well as its financial performance (Chapman & Andrade, 1998, p. 89). In order to avoid relationship drawbacks, we therefore argue that it is crucial for managers to monitor this external challenge of customers and partners carefully.

We argue that the challenges and risks regarding the backourcing process presented above provide a picture of the challenges that possibly can be seen in the insourcing process as well. Due to these potential challenges when backourcing we can conclude that in order for the insourcing process to be successful, managers need to take some considerations into account. We argue that before making a sourcing decision managers need to compare different sourcing alternatives such as renewing, extending or finding a new vendor for the current contract in order to find the best solution for the specific company’s situation. Since a part of this research is to investigate the opportunities and challenges in the insourcing process these potential opportunities and challenges listed above provides a basis for our research. For Alfa Sweden, and other companies planning to insource, it is of interest to find out what the process will look like. By examining the opportunities and challenges with insourcing we aim to provide a picture of what companies can expect when doing this change from outsourcing to insourcing.
3.3.2 The backsourcing process
Research regarding the backsourcing process is limited. However, a nine step framework for the backsourcing process was developed by Bhagwatwar et al. (2011, pp. 170-173) in their study regarding information system knowledge transfer and reintegration. The study considers backsourcing of IT but we argue that it can be applied to backsourcing of other professional services as well, such as accounting. They argue that the first step is to inform the outsourcing vendor, this is order to keep a good relationship between the companies and enhance co-operation and so that the vendor can start preparing for the change. The next step is financial viability through audits, it is about determining what activities that are affected and involved in the backsourcing process. The third step is to have a backsourcing project team and plan, the team should consist of managers and technical staff who can create a plan which should involve all the risks present. The fourth step is called workforce requirements and responsibilities during backsourcing, it is about the relationship with the vendor, that they keep supporting the company throughout the process so that all the information is transferred, without help from the vendor the company will suffer and experience many challenges. The fifth step is new employee hiring strategies, this part of the process is costly and therefore it is necessary to develop a plan on how to assess this. The sixth step is security policies, it highlights the importance of securing company data, passwords etc. The seventh step is continuity of business operations, it is important that the day-to-day operations can continue despite the backsourcing. Especially since the process is time consuming and often long, and will have an effect of the financial numbers in the short run. The eight step is managing the company stakeholders, which essentially is about informing them and making them feel involved in the process. Lastly, the final step is capturing knowledge, which means recording information and lessons learned from the process.

This process of backsourcing, together with the knowledge we have regarding the outsourcing process will serve as a basis for our study regarding the insourcing process. We aim to explore if the insourcing process is similar to or share some characteristics with the backsourcing process presented by Bhagwatwar et al. (2011).

3.4 Capabilities
Every company has its own set of experiences, builds its own organizational culture and acquires skills and assets that are specifically needed for the company (Collis & Montgomery, 2008, p. 142). Organizations who share similar internal and external resources can differ tremendously in performance depending on how they make use of their capabilities (Han et al., 2007, p. 31). Hence, no companies are alike. The resource-based view developed by Jay Barney state that "the competitive advantage and superior performance of an organization are explained by the distinctiveness of its capabilities" (Johnson et al., 2014, p. 70). A company’s capabilities determine how efficiently and effectively the company performs its activities (Collis & Montgomery, 2008, p. 142). The capabilities a company possesses that contribute to its competitive advantage and long-term survival are called strategic capabilities (Johnson et al., 2014, p. 71). According to the resource-based view of strategy, it is crucial for managers to take into account whether their company has the strategic capabilities necessary to attain and maintain competitive advantage (Johnson et al., 2014, p. 71, 80). Therefore, the central question to any organization is “what are our strategic capabilities and how can we use them to create a competitive advantage?” (Axelsson, 1998, p. 195). The efficiency and
effectiveness of the strategic capabilities depend not only on their existence, but also on 
the processes and systems that are managing them, their adaptability and innovative 
capacity (Johnson et al., 2014, p. 71).

The internal capabilities of an organization are clearly important, in a survey among 
executives investigating attitudes and experiences, half of the respondents state that one 
of their top strategic priorities is to build capability in their organization (Hodges, 2017, 
p. 5). It is also important to identify where there are capability gaps in order to facilitate 
change (Hodges, 2017, p. 6). After the gaps have been identified they must be 
diagnosed, designed and monitored (Hodges, 2017, p. 6). The appropriate way to gather 
this type of data varies but one way is to conduct interviews (Hodges, 2017, p. 6). The 
resource-based view is about assessing the organization’s existing resources and 
capabilities and identify where there are capability gaps (Goles, 2003, p. 200). By 
conducting interviews with individuals from different companies we wish to identify 
the gaps that can arise when going through the insourcing process, which can be 
beneficial for the overall strategy formulation. Building capabilities for change can 
provide the organization with several opportunities such as a possibility to execute the 
change more efficiently as well as reducing the cost of the change (Hodges, 2017, p. 5).

3.4.1 Relationship between capabilities and tasks
A successful outsourcing arrangement is highly dependent on the capabilities of the 
supplier (Goles, 2003, p. 201). Therefore, we argue that the same must be true regarding 
insourcing, that the capabilities of the organization itself determines how successful the 
insourcing will be. The key to a successful insourcing process is dependent on the 
competences and resources that the company possesses. Therefore we believe that it is 
interesting to investigate the opportunities and challenges in every step in relation to the 
company’s capabilities. The research regarding how these capabilities contribute to the 
outcome is limited (Goles, 2003, p. 201) which provides support as to why further 
research is needed.

As touched upon before, capabilities are the organization’s ability to combine its 
resources and competences in order to handle certain tasks and processes (Axelsson, 
1998, p. 199). The task does not have to set in stone, it can also be “the development of 
a function that will solve some problems” (Axelsson, 1998, p. 195). The processes can 
be separated into three types of processes, which are operational, strategic and 
organizational or development processes (Axelsson, 1998, p. 199). In our research the 
strategic and organizational processes are most interesting and relevant. They are 
connected to more extensive changes within the organization such as development or 
strategic planning and control (Axelsson, 1998, p. 199). Our study aims to explore the 
opportunities and challenges inherent in the insourcing process, which is a strategic 
process and therefore it is appropriate to incorporate the firm’s capabilities in the study. 
Figure 3 below shows the connection between resources, competences, capabilities and 
the task. We have modified the figure developed by Axelsson (1998) and added the 
insourcing process as the task/process since that is the focus of this study.
3.4.2 Categorization of capabilities

For the purpose of our study, it is necessary to determine and categorize the different capabilities more specifically. We have discussed that capabilities consist of resources and competences but it is important to specify this further in order to avoid a situation where valuable information and details are disregarded or misunderstood by the respondents during the interviews.

Johnson et al. (2014, p. 70) stresses that an organization’s strategic capability consists of two components namely competences and resources, which in turn can be physical, human or financial. Axelsson, (1998, p. 197) categorizes them slightly different and consider them to be physical, human and intangible. Collis & Montgomery (2008, p. 142) argue that companies consist of various collections of physical and intangible capabilities. We argue that these researchers share a similar view, that they are describing similar things with different categorizations. Therefore, we have chosen to use the categorization proposed by Johnson et al. (2014, p. 70) and incorporated the views of Axelsson (1998) and Collis & Montgomery (2008). This because we believe that the three categorizations will be beneficial during the interviews and facilitate the respondents understanding of what we would like them to contribute with. The categorization is explained below and summarized in Table 1.

Physical resources can for example be buildings, products, computer systems, databases (Johnson et al., 2014, p. 71) vehicles, equipment (Collis & Montgomery, 2008, p. 142) or machines, raw materials etc. (Axelsson, 1998, p. 197). The human resources consist of the people that are involved in the organization’s activities, for example customers, suppliers, partners, managers and employees (Johnson et al., 2014, p. 71) and their different abilities and capacity (Axelsson, 1998, p. 197). Financial resources are e.g. the company’s cash flow, suppliers of funds and balance sheet (Johnson et al., 2014, p. 71).
Physical competencies can be productivity, marketing, efficiency, flexibility and optional ways to utilize the plant (Johnson et al., 2014, p. 71) as well as organizational capabilities embedded in the company’s culture, routines and processes (Collis & Montgomery, 2008, p. 142). Human competences are e.g. technological know-how (Collis & Montgomery, 2008, p. 142), how people gather and use experience, knowledge, skills, motivate others, innovate and build relationships while financial competencies can be creditors, debtors and the capacity to gather funds and handle cash flow (Johnson et al., 2014, p. 71). Competences can also be seen as a resource and therefore they are often intertwined and overlap with each other (Axelsson, 1998, p. 197). The assets available for the company constitutes the resources, and how those assets are used or utilized effectively represent the competences (Johnson et al., 2014, p. 71). Competence is a prerequisite in order to exploit and develop the existing resources (Axelsson, 1998, p. 197). One can therefore say that resources are what the organization has and competences what they do well (Johnson et al., 2014, p. 71).

Table 1. Categorization of capabilities

<table>
<thead>
<tr>
<th>Capabilities</th>
<th>Resources</th>
<th>Competences</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Physical</strong></td>
<td>Buildings, products, computer systems, databases, machines, raw materials</td>
<td>Productivity, marketing, efficiency, flexibility and optional ways to utilize the plant</td>
</tr>
<tr>
<td></td>
<td>and financial means</td>
<td></td>
</tr>
<tr>
<td><strong>Human</strong></td>
<td>The people that are involved in the organization’s activities, e.g.</td>
<td>How people gather and use experience, knowledge, skills, motivate others, innovate and build relationships</td>
</tr>
<tr>
<td></td>
<td>– Customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Suppliers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Partners</td>
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<tr>
<td></td>
<td>– Managers</td>
<td></td>
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<tr>
<td></td>
<td>– Employees</td>
<td></td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td>The company’s cash flow, suppliers of funds and balance sheet</td>
<td>Creditors, debtors and the capacity to gather funds and handle cash flow</td>
</tr>
</tbody>
</table>

3.4.3 Opportunities and challenges in relation to resources and competences

We argue that it is crucial for managers to evaluate and to assess the opportunities and challenges that can arise when making changes throughout the insourcing process, this in order to be better prepared and reach a better outcome. We argue that these opportunities and challenges derive from the organization’s capabilities. The existing literature regarding resources and competences bring up several challenges that can arise in connection to them.

A critical factor for all companies in order to be successful is to manage its human resources (Stavrou-Costea, 2005, p. 113). Today organizations face international competition, technological changes, demographical changes and much more (Stavrou-Costea, 2005, p. 113). In order for companies to stay competitive in this changing environment, management of the human resources has gained increased importance.
Human resource management has been linked to greater profitability, productivity and customer service (Stavrou-Costea, 2005, p. 113). If the human resources are managed effectively, this will benefit the whole organization’s performance (Stavrou-Costea, 2005, p. 113). To achieve this, it is not only necessary to handle present issues regarding human resources, the company also need to have future challenges in mind (Stavrou-Costea, 2005, p. 113).

Having a supportive work environment and high motivation can affect the performance at work (Field, 2006, p. 23). Different methods can be used in order to try to motivate the workers, and they have diverse effect on the performance (Field, 2006, p. 23). The level of motivation also differs between people, and from time to time for individuals (Field, 2006, p. 23). There are several external factors that can affect an individual’s motivation and performance, for example time limits, relationship with co-workers, working procedures and leadership styles (Field, 2006, p. 24). In order to facilitate the workers’ ability to stay motivated and perform well, creating a working environment that supports the employees’ performance is vital (Field, 2006, p. 24). One factor that has been proven to motivate workers to do their best is to have good working conditions, this will add to the quality of the working environment (Field, 2006, p. 24).

A main challenge for managers in terms of human resources regards the development and training of the employees (Stavrou-Costea, 2005, p. 114). Having human resources of high quality will be even more important in the future as the globalization and competitiveness on the market increases (Stavrou-Costea, 2005, p. 114). The knowledge, abilities and skills of the workers will contribute to the company’s success, therefore companies should invest in training and development (Stavrou-Costea, 2005, p. 114). The companies should include a training program within its strategic business plan, stating required resources needed and methods of implementation (Stavrou-Costea, 2005, p. 115). The training is usually company-specific, therefore companies should not only try to hire experienced and qualified people but also focus on the people already in the company and provide them with training in order for them to develop their competence and abilities (Stavrou-Costea, 2005, p. 115).

The workforce needs to have the opportunity to combine work with their life outside of work (Stavrou-Costea, 2005, p. 115). To achieve this, flexible work patterns are shown to be an effective solution of how to combine personal life and commitment at the job (Stavrou-Costea, 2004, p. 115). Therefore companies should not only put effort into development and training but also to improve employee efficiency by offering flexible work arrangement (Stavrou-Costea, 2005, p. 115). Another challenge can be derived to the adaption to new technology (Field, 2006, p. 24). The rapid technological development requires training and skills of the workers to support it (Field, 2006, p. 24). The need to continuously update the workers skills due to technological change is easily forgotten by companies (Field, 2006, p. 24). The company both needs to have the ability to improve and acquire technologies, and be able to utilize these types of resources (Field, 2006, p. 24).

An additional challenge is to keep the employees committed to the company (Stavrou-Costea, 2005, p. 115). To foster their commitment and have good employee relations, consistent and fair treatment should be provided (Stavrou-Costea, 2005, p. 115). This will be beneficial for the organization since the employees will feel highly motivated to do their best effort (Stavrou-Costea, 2005, p. 115). For the workforce to feel motivated to perform they need to feel that they are treated in a fair way and become recognized
for what they achieve (Stavrou-Costea, 2005, p. 116). This challenge is highly relevant in relation to the sourcing decision and insourcing. It is also important that the managers listen to the employees, making sure that they feel heard and are involved when decisions are taken (Stavrou-Costea, 2005, p. 116). The relationship between managers and employees can have an effect on the workforce expectations as well as their productivity (Stavrou-Costea, 2005, p. 116). This is a part of the corporate culture and clarifies the standards of performance at the workplace, it can e.g. give guidelines regarding quality, customer service and attendance (Stavrou-Costea, 2005, p. 116). Hence, employee management is crucial to achieve organizational effectiveness and increased productivity (Stavrou-Costea, 2005, p. 116).

Clearly, human resources and competences have a great impact on organizations and their performance and therefore it is interesting to investigate what opportunities and challenges it can bring in relation to the insourcing process.

3.5 Relevance of the theoretical framework
While outsourcing and backsourcing has been investigated over the years, only a limited amount of research regarding the insourcing topic exist, which is the underlying reason for our research. By looking closely at the insourcing process and the opportunities and challenges companies experience during these steps, we study the insourcing processes from a perspective that has not been investigated by researchers to this point of time. Hence, through our study we will be able to contribute to greater knowledge about insourcing.

The theoretical framework was developed to work as the foundation of our research as well as a basis for our practical recommendations for Alfa Sweden. Since the purpose of our study is to explore the opportunities and challenges that can arise when organizations go through the insourcing process and that these opportunities and challenges will be connected to the company’s capabilities, resources and competences are naturally included. We argue that there is a need to get an understanding about the previous research related to the make or buy decision and the different alternatives available as well as the factors that contributes to the decision in order to achieve our purpose and therefore we have included theory regarding outsourcing and backsourcing as well. The theoretical framework will give us guidance throughout the empirical data collection as well as through the analysis of our findings.
4. Practical Method

In the following section, the design of the study is presented which include a description of how the data was gathered and processed. The qualitative methods of collecting and analyzing data is explained and elaborated on. In the end of this section the ethical aspects of conducting research are discussed.

4.1 Research design

There are two general types of research designs that one can choose between when conducting research; quantitative and qualitative research (Bryman & Bell, 2011, p. 27). Quantitative research generally has a deductive approach between theory and research (Bryman & Bell, 2011, p 163). The research normally begins with theory that hypothesis are drawn from, later results are measured and generalized over populations (Bryman & Bell, 2011, pp. 163-164). When the researcher wants to develop deeper understanding within a specific topic, qualitative research is a more relevant method (Bryman & Bell, 2011, p. 387). The qualitative method uses an inductive research approach and generally focuses on words and their meaning instead of quantification (Bryman & Bell, 2011, p. 386).

In the very beginning, a quantitative analysis was considered in order to draw more general conclusions about the insourcing process. This either in combination with a qualitative study, making it a mixed-method study or by making a quantitative study alone. However, due to the difficulties in finding companies who has pursued this change and as the purpose of the study emerged we realized that it would be difficult to generate a sufficient number of respondents and therefore this method was not suitable. First we would have to find a large number of firms who went through the process and then we would have to get enough answers to make the study empirically valid, consequently we decided to not use this approach for the study.

Since we are aiming to study the insourcing phenomenon from a new angle and bring new insight on the topic, this study can be seen as having an exploratory stance. This stance is about generating theory rather than testing it (Bryman & Bell, 2011, p. 35). For our study, we chose to use the qualitative research method because we wanted to investigate the different companies’ experiences and perceptions and interpret this information. The main factor behind our decision to study insourcing through a qualitative method was the lack of knowledge and research regarding the insourcing process in previous research. By conducting qualitative research, a deeper understanding could be developed and it gave the respondents the opportunity to provide new information that might not have been discovered in a quantitative research. Constructionism was chosen as the ontology-approach for this thesis in order to obtain a deeper understanding about the specific topic, this view argues that the phenomenon is largely dependent and affected by social actors. A qualitative study was hence more suitable in order to achieve the purpose of our thesis. Bryman & Bell (2011, p. 35) argue that in order to gain a deeper understanding of a topic where there is a lack of research a qualitative research method is suitable. The emphasis is on individuals and their perceptions of the social environment and reality (Bryman & Bell, 2011, p. 26). We wanted to create an understanding of different companies experience and perceptions and therefore the qualitative method was appropriate. We wanted to
understand how they experience their move from outsourcing to insourcing and not only explain the current situation for companies today. However, it is essential to acknowledge the limited representativeness and generalizability from qualitative research (Bryman & Bell, 2011, p. 408). We do not aim to provide generalizable results and therefore we argue that this limitation does not constitute a problem for our study.

4.2 Choice of respondents

Naturally, since the purpose of this thesis was to explore the insourcing process, the respondents participating in our research were chosen because they could contribute with interesting insights about the insourcing process. The respondents needed to be working in organizations that have experienced what it is like to have an activity outsourced. Only then, they could contribute with knowledge that would help us achieve our purpose and answer our research question. The respondents chosen also needed to work in different positions with influence over the process and the decisions related to it, this in order to gain as many insights and perspectives on the chosen research topic as possible. Additionally, we wanted to include a vendor perspective on the insourcing process because we believed that it could reveal unexpected aspects of the process and the challenges and opportunities that it brings.

Initially we wanted to interview managers from various companies in order to present several different perspectives. However, the process of finding companies who had gone through this process turned out to be more challenging than expected. These problems may origin from the fact that insourcing activities go against the current trend of outsourcing. Therefore many of the organizations had not experienced insourcing of accounting and naturally could not participate in our study. The smaller firms said that they are outsourcing in order to focus on their core product and to grow and many of them recommended us to contact larger companies. Students often approach larger organizations and many of them stated that they no longer participate in thesis work because of that fact.

Insourcing of an activity that has not been within the organization previously, is not as common as back sourcing. Adding to this, accounting firms, human resources firms and other firms who organizations often outsource to, are forced to remain secrecy about clients and their business. As a result of the challenges described, the respondents chosen for this study are working for different companies but they are all part of the same international group, this except for one respondent from an accounting firm, an individual who has participated in and has experience from insourcing process. It is important to highlight that the accounting firm is not handling the accounting for Alfa Sweden. One can question the fact that the companies belong to the same group. However, we argue that because the respondents represent different companies who make independent decisions regarding how to proceed with this matter it will not affect the results of the study.

When conducting a qualitative study, the sample size depends on the purpose of the study and the time and resources available (Patton, 2002, p. 244). Hence, there are no rules concerning the sample size, it should be decided based on what you wish to find out (Patton, 2002, p. 244). We chose to interview eight individuals who are all familiar with the insourcing process. They are currently at different phases of the process, some of them are in the planning phase, some in the middle and some have already executed
the process. Additionally, we incorporated one respondent that can contribute with the perspective of an external vendor. This method of sampling is called purposeful sampling, where the sampling strategy supports the purpose of the study (Patton, 2002, p. 245). Purposeful sampling is suitable since we wanted to include different perspectives in our study. How valuable the findings generated from a qualitative study is, depends on the analytical skills of the researcher and how much information can be gathered from the respondents, rather than the sampling size (Patton, 2002, p. 245). A small sample size is beneficial when seeking depth rather than breadth (Patton, 2002, p. 244). Since we chose to study a specific context rich in information, a small sample size is more suitable, this because the limited resources and time available will be utilized more efficiently to achieve our purpose.

4.3 Semi-structured interviews
For the interviews, we chose to use semi-structured interviews. This means that an interview guide with prepared questions to cover is used when the interview is conducted (Bryman & Bell, 2011, p. 467; Silverman, 2006, p. 110). Doing a semi-structured interview gives the respondent the opportunity to form their responses without any influence from the interviewer, and the interviewer can ask the questions without any specific order (Bryman & Bell, 2011, p. 467). The semi-structured method is helpful in order to make sure that the focus is kept on the researched topic, but leaves space for additional questions that might not look the same in all interviews (Bryman & Bell, 2011, p. 472). Using a semi-structured interview hence opens up for the possibility to ask follow-up questions and allows clarification, and the respondent can answer in what way he or she likes which can potentially lead to new and interesting perspectives (Bryman & Bell, 2011, pp. 466-467). Follow up questions also increase the richness and depth of the respondents answers (Patton, 2002, p. 372). In our case we believe that this kind of interview structure is most suitable in order to gain a deeper understanding of the topic. This because it makes it possible for us to detect patterns, while also gaining deeper knowledge from discussions made possible by open questions. Since we had specific questions regarding the challenges and opportunities in the insourcing process that we wanted the respondents to answer, but also wanted to know the different company’s general thoughts and experiences regarding their change from outsourcing to insourcing it was suitable to choose a semi-structured method. Additionally, a semi-structured interview helps us maintain control over the subject, making sure that we focus on the right questions. It is important to focus on critical questions when there is only a limited time available for each interview (Patton, 2002, 375).

4.4 Interview guide
In order for us to answer the research question, the interview guide was developed based on our conceptual framework together with the purpose of the thesis. An interview guide is a list of the questions to be asked at the interview and it ensures a consistency throughout the different interviews (Patton, 2002, p. 343). Although questions does not have to follow the exact order outlined in the guide (Bryman & Bell, 2011, p. 467). Another benefit with developing an interview guide is that it helps to ensure the time is used in a wisely manner (Patton, 2002, p. 343). The time aspect was of major importance for us since the interviews had a time limit of 30 minutes each, therefore we had to prioritize and leave out some of the questions that were initially thought of. The respondents set this time limit as a prerequisite for their participation.
However, once the interviews evolved many of them exceeded this amount of time, which benefitted us greatly.

We structured the interview guide based on the order of the conceptual framework, meaning that general questions about the respondent and the company is followed by questions regarding insourcing and outsourcing. Initially, we ordered the questions in a manner so that they would correspond to the different stages of the process. However, due to the time limit we realized that it would not be efficient to ask the same questions for each step of the process and therefore the respondents will have to discuss where the opportunities and challenges emerged. The questions were formulated in a neutral way and with a neutral stance toward the respondent. Neutrality means that nothing the respondent says will be used against them and change our behavior towards them (Patton, 2002, p. 365). Because we aim to get different perspectives on the insourcing process the interview guide has been adapted depending on the respondents, however we have kept the essence of the questions. The interview guide begins with a short introduction to the subject explaining the purpose of the study, this in order to assure that the respondents know what we wish to achieve. Some of the questions in the different interview guides aims to increase our knowledge about the companies and the respondents, this in order to gain background information. The interview guide was sent to all the respondents before the interviews, which is the common practice if the respondents which to see it (Bryman & Bell, 2011, p. 473). By doing this, the choice whether to read it beforehand was up to the respondents. The guides can be found in Appendix 1-5.

4.5 Conducting the interviews
An overview of the respondents who participated in our study can be found in Table 2 below. Two of the interviews were conducted in Alfa Sweden’s office. One interview took place in a central cafe, even though it is not the ideal place for an interview, because of surrounding noises, the location was chosen because it was most convenient for the respondent. The interviews with the other respondents were conducted online through Skype.

We started all interviews in the same manner, thanking the respondent for taking the time to talk to us, and asking if it would be all right if we recorded the conversation. After that the interviews unfolded slightly different. We chose a semi-structured design in order to facilitate this because we believe that many interesting insights may arise as the interview unfolds. According to Bryman & Bell (2011, p. 476) interviewers may depart from the interview guide and the schedule, this because new questions may arise depending on the respondent's answers. Many additional questions were added during the interviews. This causes the length of the interviews to vary to a great extent, ranging from 30 minutes to 1 hour. However, a large amount of variation in time is common in qualitative research (Bryman & Bell, 2011, p. 482) and therefore we argue that it will not affect our results negatively but instead enrich our findings.

We recorded all the interviews with the aid of an audio recording app in our phones. Since the purpose of the data collection is to record the respondent's perspective fairly and as extensive as possible a recording device is essential (Patton, 2002, p. 380). Most qualitative research is conducted with the help of a recorder in order to ensure that the respondents answers and the way they say things is fully captured (Bryman & Bell,
Capturing the data provided by the respondents is of major importance since there is no substitute for the data (Patton, 2002, p. 380). All respondents were asked if it would be ok for us to record the conversation and they all agreed to participate.

Table 2. Overview of conducted interviews

<table>
<thead>
<tr>
<th>Interviews</th>
<th>Position</th>
<th>Duration</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Accountant</td>
<td>45 minutes</td>
<td>Skype meeting</td>
</tr>
<tr>
<td>2</td>
<td>Business controller</td>
<td>35 minutes</td>
<td>Skype meeting</td>
</tr>
<tr>
<td>3</td>
<td>Region controller</td>
<td>30 minutes</td>
<td>Skype meeting</td>
</tr>
<tr>
<td>4</td>
<td>Business controller</td>
<td>1 hour 10 minutes</td>
<td>Face-to-face in a meeting room</td>
</tr>
<tr>
<td>5</td>
<td>Operation manager</td>
<td>30 minutes</td>
<td>Face-to-face in a meeting room</td>
</tr>
<tr>
<td>6</td>
<td>Region controller</td>
<td>43 minutes</td>
<td>Skype meeting</td>
</tr>
<tr>
<td>7</td>
<td>Administration</td>
<td>30 minutes</td>
<td>Skype meeting</td>
</tr>
<tr>
<td>8</td>
<td>External vendor</td>
<td>35 minutes</td>
<td>Face-to-face in a café</td>
</tr>
</tbody>
</table>

4.6 Data processing

When analyzing qualitative data the challenge is finding a way of putting together a massive amount of data and bringing out the essence of it (Patton, 2002, p. 432). It is important that the researcher can handle the analysis despite the richness of the data collected, especially because there are few rules regarding how the analysis should be conducted (Bryman & Bell, 2011, p. 571). The most common technique when analyzing qualitative research is to conduct a thematic analysis (Bryman & Bell, 2011, p. 571). This method is about analyzing data and identifying patterns (themes) in the collected data that recur (Braun & Clarke, 2006, p. 6). The themes provide interesting aspects of the data, which can prove to be useful when answering the research question and as there are no formal rules, it is up to the researcher to judge what counts as a theme (Braun & Clarke, 2006, p. 10). Braun & Clarke (2006, pp. 15-23) propose a guide on how to conduct a thematic analysis, which contains the following six phases:

1. Familiarizing yourself with your data
2. Generating initial codes
3. Searching for themes
4. Reviewing themes
5. Defining and naming themes
6. Producing the report

This type of thematic analysis and the phases will be used in order to interpret the data gathered in our study. The structure of this analysis is suitable for our study since we aim to get a deeper understanding of the topic. When qualitative interviews are conducted they are generally recorded and then replicated word by word in writing (Bryman & Bell, 2011, p. 482). It is not only interesting what the respondent answers, but also how the respondent says it (Saunders et al., 2009, s. 485). In order to prevent loss of focus and distraction during the interviews, recording and transcribing the interviews later is preferred over taking notes (Bryman & Bell, 2011, p. 482). Since we conducted a qualitative study and wanted to do a profound analysis and go through the answers many times, transcribing the interviews was a good method. Transcribing recorded material makes it easier to do a careful analysis of the interview, and the
interviewer can go through the answers several times (Bryman & Bell, 2011, p. 482). Also, in order to conduct a thematic analysis, the data must be transcribed (Braun & Clarke, 2006, p.17). Even though transcription is a time consuming method, it is not wasted, as it will enhance your understanding of the data (Braun & Clarke, 2006, p.18). After the interviews had been conducted we immediately transcribed and summarized them. When transcribing the interviews we made sure to listen to the tapes several times in order to make sure that all information got included and that we did not miss anything essential. Hence, the interviews were transcribed word by word. However, in the findings and analysis chapters some conversions were made in order to make it easier for the reader. Some recurrences were removed and some quotes were altered into written language without the content and meaning being changed. Once all the interviews were transcribed we read through the data several times. It is a time consuming process but an important part of the process as it provides a baseline for the rest of the analysis (Braun & Clarke, 2006, p.17).

We coded all the transcribed material we had collected through the interviews and coded the data with our research question in mind. This is one of the possible ways of generating codes: you either search for codes that can help you answer your research question or let the data derive the codes and themes (Braun & Clarke, 2006, p.18). We derived our themes from the codes with our research question in mind. We found four themes in our data that corresponded with our research question: the sourcing decision, the insourcing process, resources and competences. We used our themes to facilitate our analysis and the results can be found in the Analysis and discussion section.

4.7 Ethical considerations
Throughout the development of this thesis we have always kept the ethical aspects in mind. It is of major importance that potential ethical issues are highlighted and considered in a suitable manner when conducting research (Bryman & Bell, 2011, p. 122), because only then the researchers can make informed decisions about the effects of their choices (Bryman & Bell, 2011, p. 128). We will now present our ethical stance and how we have worked with the ethical guidelines in order to eliminate the risk of unethical conduct.

One ethical aspect that can arise concerns the participants in the study and in particular not to cause them any harm (Bryman & Bell, 2011, p. 128). However, the definition of harm can mean various things and vary depending on who is asked to define it. It is the researcher's responsibility to minimize the possibility of causing harm to participants (Bryman & Bell, 2011, p. 128). This includes maintaining confidentiality regarding records, individuals and identities if that is requested by the participants as well as disclosing information that can make participants or organizations identifiable unless other has been agreed upon by both parties (Bryman & Bell, 2011, p. 129). When using qualitative research the issue of confidentiality is important to consider (Bryman & Bell, 2011, p. 130). The presumption is to always protect the respondent's identity (Patton, 2002, p. 411). We have been extra cautious regarding this in our research by always making sure that we conform to the respondents’ requests regarding this matter. Therefore, all names in this thesis have been changed and altered so that no one can identify the participants based on the information provided.
Another ethical aspect in business research concerns the lack of informed consent, which means the situation where the participant is not given all the information available and therefore cannot make an informed decision about whether they wish to participate in the study or not (Bryman & Bell, 2011, p. 133). To avoid this problem we informed the respondents in advance about the purpose of the study, who the information is for, and how we will handle their responses. These are aspects that are commonly brought up in opening statements (Patton, 2002, p. 407). Additionally, the questions were sent to the respondents well ahead. However, since the interviews are semi-structured it is not possible to specify some of the follow-up questions in advance and therefore a compromise is to specify the questions that you do know will be asked (Patton, 2002, p. 409).

Invasion of privacy is another ethical aspect that should be considered in research (Bryman & Bell, 2011, p. 136). In order to avoid this we informed the respondents that their participation was voluntary and the questions were carefully considered when developing the interview guide. Deception is the fourth ethical concern and regards how the research is presented (Bryman & Bell, 2011, p. 136). If the research is presented as something that it is not the participant’s understanding is limited (Bryman & Bell, 2011, p. 137). Deception can make respondents expose themselves to harm unknowingly (Silverman, 2006, p. 318). As mentioned above, to avoid this situation we informed the respondents about the purpose of the study well ahead but also once the interview had started. The identities of people who have participated should always be protected and it is of major importance that they understand the purpose of the research and consent to it (Silverman, 2006, p. 319).
5. Empirical findings

This section presents the empirical findings received from the study. This will serve as a basis for our qualitative analysis, a thematic analysis, which is presented in the following section.

5.1 Outsourcing

Naturally, when discussing insourcing, there is a tendency to contrast it against and compare it to outsourcing. We argue that the opportunities and challenges involved in each alternative largely affect the sourcing decision. Although the outsourcing arrangement is reconsidered, companies experience many opportunities when outsourcing accounting activities. For example, outsourcing is a good solution in order for the company to focus on core activities, which is confirmed by one of the respondents, “they decided that they would outsource the accounting because they wanted to focus more on the core business” (6), the respondent further explained “when you have the accounting in house you need to get so much deeper in the operational processes, and less in the strategic, so depending on the moment of the company, yes it is better to have the accounting outsourced because you have other concerns, you have the market share to take care of, you have budgets and other things that is going to make your business get larger besides bringing the accounting in house” (6). One respondent said that one of the opportunities of using outsourcing is that you have “someone who can ensure the quality, as they are professionals” (4) and that “it is a safety for us, that we follow the local laws, handle declarations and the contact with the tax office in a proper manner” (4). Additionally, “if we are not happy with the way things work, they work to make us happy” (4). The respondent representing the accounting firm confirmed this: “you might not have the interest and the knowledge about all the necessary parts within the company, at the firm we are all experts within different fields and support each other to provide the best service to our customers” (8).

Other opportunities involved in outsourcing, which was brought up during the interviews is related to increased flexibility. One respondent stated that “you can handle risk better, for example when someone gets sick, the vendor is responsible for providing the resources” (4) and that “you pay for what you use which is beneficial when the workload varies over the year” (4). A similar idea was presented by other respondents, one said: “If we outsourced it, we have an agreement that you should serve that and that, and it is their business how they should get this information” (2) and another said: “the external vendor does what we have told them to do, and they do it in an efficient manner” (7). The respondent from an accounting firm said that the biggest benefit of using their services is that “we always have the best programs and better work tools that are continuously updated and facilitates the work, which is something that the company can not have to the same extent” (8).

Many of the respondents were satisfied with the work of the external vendor, one said: “I don’t say anything bad about them because they are serving us well and I would say that the result is very good” (2) but also added that “I have no comparable experience” (2). Another respondent explained: “I think that they (the vendor) have good insight in what we do and provide us with improvement suggestions. They are very active actually, and generally we are pleased with their service” (5). The respondent from an
accounting firm said that “I have never experienced a situation where a company has insourced all activities” (8) and that will probably not be the case for the companies we interviewed either. When discussing the activities and whether they should be performed internally or externally, the respondents often talked about a mixed solution, for example, one respondent said: “we actually want to find a balanced activity so we will do some parts of the job ourselves and some parts of the job by the outsider company, because then we mitigate the risk” (3). Another respondent shared a similar though: “I feel that we need to build something internally but we might use other vendors as well because it is convenient” (4). Continuing on the same topic, another respondent explained the benefit of having a mixed solution: “So this makes us stronger in our own side but then as we don’t have everything insourced we have this risk mitigation activity in place that we can utilize the external player. In the situations if somebody leaves or something like that happens” (3).

Another important aspect of outsourcing is the relationship with the vendor and how efficient it is. As mentioned above, the service is generally good but it also comes with some challenges. One respondent said, “in some countries it works perfectly, in others we have big communication problems” (4) and that it “may be because of personal connections or cultural aspects” (4). He continued to explain; “In Sweden, the vendor is proactive, challenging us and asking us questions if something is wrong. In other countries they don’t question anything, they just do the bookings” (4).

When asked about the challenges involved in the current arrangement, many of the respondents brought up the effect on the organization's own strength and the growth potential when they lack useful knowledge internally. One respondent described it like, “we are becoming anorectic in our own company” (5). This is something that can affect the company in the future, which is confirmed by one respondent who said that “one of our clearest goals is growth and therefore we must consider our formation so that we can handle increasing volumes and a bigger organization” (4). In line with this, one respondent said: “In the long run, since this is a growing organization, the foundation must be in place” (7). Another respondent shared a similar idea and said that; “we are raising, increasing revenue, increasing our size, we are having more employees, so the best choice for us at this moment is to have the accounting in house” (6).

Furthermore, the lack of control when outsourcing was another aspect that many of the respondents mentioned. One respondent said, “we are not in control, we have put it in someone else's hands” (5), another respondent said: “we really need to have better control of the things” (6). Another one explained: “we have no knowledge about our own numbers, which creates a difficult situation... if we can’t explain the numbers in an audit” (4). The respondent also continued to explain how the lack of awareness of their own numbers affects the company, “answering questions regarding accounting takes time from my other work tasks, so instead of analyzing our business and planning for the future I am working with the results from last year” (4). The large cost of outsourcing seems to be the most evident downside, one respondent said: “The solution we have now is an expensive one, so it is clearly a strategic decision to implement some kind of change” (4). Another one said: “first you know costs, it is cheaper to have the accounting in house, right now we pay a huge amount to the accounting firm, so it is not worth to keep paying this amount” (6).
Another challenge of outsourcing mentioned is the nature of the support and the need to share vendor with others: one respondent said: “we don’t have somebody in the company that really looks to the accounting on a daily basis, what is going on. Whenever you need the support or an explanation or something, it is harder. The guy from the accounting firm, he works for different clients, not only for us. So I can at some time, at some point ask him of information but at that time he might be working for another client and then I have some delay on providing the information and the information must be needed in a timely manner, it is also another challenge” (6). This was mentioned by other respondents as well: “(delays occur)...as the outsourced resources they are doing the same work for many different companies, there cannot be 8 hours only for us” (2) and “they have other clients as well, and sometimes they are just not available for us, perhaps because they are visiting a client or due to some other reasons” (7).

5.2 Insourcing
As mentioned before, the opportunities of insourcing are often the challenges of outsourcing and vice versa. Therefore some ideas about the opportunities and challenges are similar to the results in the previous section.

When the opportunities of having activities insourced were discussed, many of the interviewees highlighted the same factors, namely that insourcing gives the company more control, increases the speed of communication, saves time and increases the flexibility. For instance, one respondent stated that “insourcing gives the company better control, it means time savings if the company has the right capacity and it is possible to ask colleagues for advice if there are several employees in the same department” (8). Similarly, one interviewee explained, “the main advantage is cost saving, that is sure, and secondly the flexibility. The third advantage that I saw from my point of view is the time saving for me” (2).

Other respondents also emphasized increased control as an opportunity of having activities insourced, one stated, “I believe that the more processes you have in house, the better control you have over things that are going on” (3) while another similarly talked about control as one of the opportunities of insourcing: “We get higher internal control, I know our numbers and I can defend them” (4). In addition to control the cost factor also place a central role for companies when choosing between insourcing and outsourcing, one interviewee stated that “The first advantage of insourcing is that it is a huge cost saving, the second one is that insourcing the accounting helps the controlling” (1), another said that “Two of the main reasons why clients choose to insource is to save money and make use of the company’s own resources” (8).

Time-savings and control were discussed thoroughly during one of the interviews: “When you have the accounting in house you maintain information in the first 5 minutes of the inquiry, as long as the information is in the system. So, in terms of time this is a very clear advantage. Also you have better control of what is going on, because for instance, when you are recording the invoices, the receivables, the payables, everything is coming to you, you see the things, so you have better control and things get easier, I would say that you have more efficiency, the information gets faster, you have better control over the company” (6). Another respondent talked about time savings from a managerial perspective and said: “In the long term it will be time saving for the
business controllers for example” (2). The same respondent came back to this issue later in the interview and explained: “we are analyzing the business controller participation percentage to the accounting work and I would say it is too high for me. I cannot properly do my own work. I should support the sites and the management but now I am dealing with small accounting problems” (2).

Several respondents also brought up the increased level of responsibility that arises with insourcing due to more commitment within the company. One respondent explained, “If you work for the company then you feel more responsible, if you work at an accounting agency you do your work and that’s all, but if you are working in the company then you have a little bit higher level of responsibility” (1) while another similarly stated, “I think that when you have the accounting in house the person handling it will deal more carefully with it than the outsourced company” (6). A third respondent also had analogous thoughts: “People working from a distance only do what they are supposed to do. They have their assignments, but they do not know what is happening on our side. We are closer to the business and can see the big picture, therefore I believe that we can make decisions easier and faster” (7).

Interviewees also brought up the opportunity of having the expertise and information in the company as one respondent stated, “I think that this is a knowledge question also, so the knowledge is inside the company rather than outside, that is one advantage as well” (3). Comparably another respondent discussed the opportunity of having the knowledge within the organization: “With insourcing we would have an overall better economy function, which would result in easier decision making and faster processes” (5). When discussing the opportunity of having the knowledge within the organization one interviewee stated that “In any moment you can ask people sitting near you and you can ask whatever, what you need” (1), while another likewise explained that “In our current situation I miss that we are not sitting together in the same room. Everything is handled over the phone or Internet, it would be so much easier if you could just go and talk to the neighbor sitting next to you” (7).

One respondent explained how the efficiency of the company change completely when the activities was brought in house, “when I needed to do my deadline, my report, I depended on the information to receive the information from the outsourced company, then I needed to analyze, make some change and put in our system. When we brought the accounting in house we standardized the ERP to have a direct integration with the corporate system in a way that my report was just pushing the button, pressing the button and I had the report. So in terms of efficiency I have no doubt that it brought more efficiency to the process. After we brought the accounting in house we never delayed the deadline anymore” (6).

In addition to the opportunities of insourcing discussed above, aspects such as insourcing bringing opportunities for the organization as a whole and giving employees motivation was also brought up. One respondent stated that “It is positive for the organization, the organization can grow and we become a team” (5) and “I believe that we motivate people by doing this change” (5).

When the challenges involved in insourcing were discussed, significantly fewer features were brought up compared to when discussing the opportunities. The respondent from the accountant agency highlighted one challenge of having activities insourced: “if you
are doing the accounting by yourself you need a lot of knowledge and experience in the subject since it can be really complex” (8). In line with this, another interviewee said: “the downside is that we don’t have the necessary resources and competences in house and therefore this must be solved” (4). Another challenge of changing from outsourcing to insourcing is the unpredictability of making this change. “In our current situation we know exactly what we have. When implementing a change, you cannot know what the results are going to be.” (5). It is also a risk that the change period becomes costly, which could prove to be a challenge: “During the period that we make this change, the main risk is that it becomes an expensive period when we pay for both our own recourses and the external vendor’s at the same time” (5). The respondent representing an accounting firm addressed the challenges involved in insourcing activities to save money without securing the competence internally, she explained: “The company started by bringing some easier activities back in house and because this worked out well they wanted to increase the insourcing and bring back some accounting tasks as well, while leaving the more complicated ones with us. The client wanted to save money but they ended up doing many mistakes which in the end turned out more expensive since we needed to correct them in the end” (8).

Some interviewees also brought up decreased flexibility as a challenge of having activities insourced; one explained, “We do not have this flexibility that we can just give our external vendor some more work. For example if somebody gets sick when we have the activities in house, what do we do then?” (5). Hence, in terms of flexibility the feature was brought up both as a challenge and an opportunity of having activities insourced. Similarly to flexibility, the scalability was also discussed as a challenge of having activities insourced, stated by one respondent as “if something happens here in Sweden resulting in our company becoming smaller, it is easier to scale down the work done by the external vendor than to for example scale down half an accountant” (5).

Clearly, there are both challenges and opportunities involved in each alternative and therefore the choice of design for the solution is of major importance. This is something that was brought up by almost all of the respondents, that the decision is not just about outsourcing vs. insourcing, it is about finding a balance and the optimal solution. One respondent said “for us this is a process where we evaluate the costs and service quality and we are then comparing a fully outsourced option, partially outsourced, partially insourced and then the fully insourced” (3). Another one said: “we have not decided upon whether we should in/outsource everything or just some parts” (5). The respondent representing an accounting firm had a similar idea, she said: “I am convinced that for a majority of our clients we will be handling some of the activities while they will do some of the activities themselves” (8).

The suitable solution also depends on the size of the business, as one respondent explained: “the business here is quite small if we compare with the other companies. So for us it is easier to insource all parts, as I do all controlling and all finance part and for me it was also quite good to do all these accounting parts as well” (1).

5.3 Insourcing process
When asked about the insourcing process and what it looks like many of the respondents brought up similar activities although in a slightly different order, one respondent said: “the first step is to ensure that we have some kind of foundation to
build on” (4) and further explained that “it’s a lot about making an analysis of our current situation, what resources and competences do we have today and what we need” (4). Similarly, another respondent said, “I would say that the first thing to do is to map the roads, what are the activities that are important in the outsourced process, what does the accounting firm do today for us, as our service vendor. What are the activities that they do” (6). Adding to that, another respondent answered: “I started to do some plan, what kind of resources we need, how to split the work, and then I have written down what the accountant should do, what the vendor is doing now” (2). Several of the respondents brought up review of the current arrangement as a step in the process, one respondent said: “to have a very precise task assessment is very important at this moment” (6). Another stated, “We had two months when we used another program and compared it with the vendor, to see if there are some differences and mistakes” (1). Similarly, one respondent talked about the transfer of data: “after that we should take over all the data, check if it was correctly done in past, for example the payroll, that all the data is documented and with evidence” (2).

Some respondents proceeded straight to the practical parts of the process and explained: “the first step is to inform the vendor about this, our decision to insource” (1). Because the company already had the human resource in place the recruitment step was not needed and instead “the second step was training” (1). All the respondents mentioned finding the human resource for the job in the early steps of the insourcing process. One respondent said that after preparing the plan, “then, we will start by recruiting, without spending too much, try to find recruiting opportunities within the organization” (4). Another respondent said, “we need to start by securing that we have the necessary resources in house, in a way that is both smart and cost efficient” (5). Another one stated, “first we should find the resource, secondly I should agree with the outsourcing company that they will train our resource” (2). Whether the vendor should train the new resource or if it should be done internally is something that differed between the respondent’s answers, one said: “maybe we have to buy in this knowledge from the company who is doing the work right now for us and actually I already plan to get some trainings, I am ready to pay for that” (2). Another respondent working in a different company did the trainings internally because they already had the human resource in place, the respondent said: “I did this study process by myself. And of course it was good that I was involved in the finance part of controlling and I had these understanding about the process” (1). Other respondents mentioned training as well but not how it should be executed specifically.

The cost of the insourcing process was also mentioned by one respondent, who said: “then, after we do these steps, having the task assessment, have someone that we can hire. Also we need to have a budget, we need to set up a budget” (6). When asked about the nature of the process, if it was planned or emerging over time one respondent highlighted: “we had certain meetings, but in real life it was not like it was planned. It (the process) evolved over time” (1). In contrast to this, another respondent said, “we had a planned agenda, we had only that aligned... In the first two weeks we are going to specify what activities we have outsourced. It is very important that you are aware and don’t forget any activities when you bring it in house” (6). Some respondents also emphasized the importance of documenting the process and how the activities are performed, one said: “it is also important that we need to document these processes because it is a little bit more risky actually to have a fully insourced solution, especially in a small company with just one person doing these things. Because if this person
leaves, then you may be in trouble. So you need to document the processes and indeed there is the things what need to be done and how it is done is very important” (3). Even when there are more than one person working with these activities, documentation and communication is a key aspect. Another respondent also brought this to the table: “communication and documentation is extremely important, in many companies where we have had people quitting, the transfer to the new person might not have been efficient enough” (4).

Once the vendor has been informed about the insourcing decision many respondents mentioned that there is a risk that the relationship will change. One respondent explained, “I understood that it was not a good idea to ask the vendor for training after we finished the agreement” (1). Not knowing how the vendor will react and act on the plan to insource some activities is something that was touched upon by many respondents. One of them said: “Yes I was afraid of that because they actually did not know yet that we planned to get of the agreement with them, so the person with whom I used to contact every day, I just called to her and was very honest, and it was very delightful that, she was sad, but she is very helpful” (2).

Another respondent said: “you need to be very careful when communicating with the vendor about the decision to insource, because if he wants he can chose to not provide you with all the information that he has” (6). Another respondent touched upon this as well, “the day that we communicate that we wish to change our contract with the vendor, what happens then? Have we created all the necessary boundaries and terms?” (5). This issue reoccurred in another interview where the respondent said: “from the moment we give that signal, that we want to get out, they have three months left of their commitment towards us, and that is something we need to keep in mind. They will not focus as much on us when they know we are about to finish the contract, which is something we must consider during the process” (4).

The respondents had somewhat different views about the length of the insourcing process. When estimating the length, one respondent said: “I would say that it will take time before we are finished with this project, so six months is a reasonable time” (4). Another respondent shared a similar idea of the time: “until the activities were fully insourced, 6 months, because we already had the ERP (enterprise resource planning) system. You can take the decision to bring the accounting in house, without having an ERP system, so then, I would say that the ERP implementation is also a process of bringing the accounting in house, which will take more time” (6).

When the company who pursued the process monitored and controlled the results, the cost savings were the most evident opportunity. The respondent said “We save 90 percent in costs compared to 2016. It’s a huge cost saving” (1). Another company is in the process of insourcing and the respondent said: “In terms of costs, insourcing is also cheaper, in this case for me it is so much cheaper, I am talking about a reduction around 70 % in terms of what I pay now and what I will have to pay to have an accountant in house, of course if I had a smaller vendor doing my accounting I would probably save less money because we are talking about this specific case” (6). Another respondent described the result of their estimations: “just to make the change, half insourcing, half left with the supplier, we see a lot of cost savings there” (3).
5.4 Resources

5.4.1 Physical resources
The physical resources needed during the insourcing process were not seen as a challenge for the majority of the respondents. One respondent simply said: “The systems we have, programs we have, we should only alter these tools, for example the computers themselves and we already planned the office where the accountant will be sitting when she will arrive” (2). Another respondent shared a similar view regarding the physical resources, he said “of course we also need all the surrounding things, we need office space, we need systems to handle it, but those things are already in place” (4). Another respondent said: “We have a good business system up and running and we have our invoice management system which are the two most important pieces here” (5). The importance of well working systems was mentioned by two respondents, one said that: “you need to have tested and well-working reporting systems” (6) another highly addresses the importance of having an efficient ERP system in place in order for the insourcing to be successful, “I would say that the ERP implementation is also a process of bringing the accounting in house, which will take more time if it is not in place from the beginning” (6).

Regarding technology and systems one respondent also brought up that there could be some challenges of the company does not have these resources from before. If the personnel are not familiar with the systems needed to perform an activity in house, this could make the process more difficult. This was explained by one respondent: “when I had this previous experience of bringing accounting in house, the outsourcing company did not use the same ERP that we had, so we had to fully implement the ERP, from zero. Nowadays the accountant firm already use the ERP that we have, Microsoft dynamics, so when I bring the accounting in house I will not have the challenge to set up the system for accounting, because it is already set up, but at that time I had to, because the ERP was completely new” (6), therefore “having someone that knows the ERP is fundamental” (6). In line with this, another respondent explained: “we will have a challenge in terms of technology and having a new business system. It is crucial that we can recruit a person that has worked in the system before” (5). A third respondent shared a similar view: “It is important to know the system, to be familiar with the program itself then it is easy to work” (1). Hence, it is not only essential to have all the necessary resources it is also crucial to know how to handle them.

Another respondent also brought up a challenge regarding the systems. The respondent stated, “we use Maximo for order processing and all transactions are done in AX. Previously we had everything in Maximo, which was connected to SAP, back then we did not have the problem with the systems to communicate with each other” (7). The same respondent also discussed lack of physical resources: “we still use old computers, meaning that we have old equipment. Therefore we have a lot of technical problems” (7).

When discussing opportunities and challenges connected to the physical resources one respondent was glad to announce that they experienced some unexpected opportunities during the process. He explained: “we figured out, when we were doing the research, that our ERP could also provide us with the payroll information, the payroll information at the time was also outsourced and we could realize that the ERP could have a specific platform that could provide us payroll information” (6), the insourcing
process made them discover their physical resources, more specifically their computer programs, and utilize them in a better way.

5.4.2 Human resources
As an answer to what kind of human resources that are necessary in the insourcing process many of the respondents naturally talked about the person entering the company, the one taking responsibility for performing the insourced activities. One respondent said: “I would say that we need some resources who knows the activities and who can evaluate what kind of additional resources we need” (2). Other respondents highlighted the importance of recruiting the right resource: “If we make a mistake there, our path will be more difficult. If we recruit the wrong person, someone who can’t handle this process and can’t see the whole picture, then we might be in big trouble” (4) another said: “I think that it is related to finding good people. Keeping them happy. Training them. But first of all to find the right attitude, is the most important. The failure in the recruitment is the biggest risk for us” (3). One respondent addressed the importance of teamwork, he said: “I think that you can always find suitable, qualified, human resources, but if we don’t support each other and help each other in different fields, the insourcing will not be successful” (7). Another respondent also talked about the importance of teamwork: “we need to make them (the new people) a part of the group” (5).

Furthermore, some respondents talked about themselves or other employees within the organization as human resources that are valuable during the insourcing process because they have previous experience in insourcing or because they have knowledge in a field that will facilitate the process. One respondent said: “we have our controller which is a really valuable resource for us but he can not do everything, can he?” (5). Human resources are also present in the management team within the company and the group. One respondent highlighted this and said: “Yes I have at least a person with whom to discuss because we have a very good regional team, team of controllers, and also the regional controller who are coordinating all these things” (2). Another respondent answered: “We have a good team of managers to be able to handle this process. It is very important to have someone to discuss ideas with and consider previous experiences when entering the process” (4) and continued “sure we may not be many but the resources we have good control over what we want to do and how we will do it” (4). Another respondent described: “we have the strategic financial resource in our controller, in the planning phase it is a lot about that resource” (5).

When discussing opportunities and challenges connected to the human resources the main issue brought up was finding the “right” human resource for the task. One respondent explained: “I am ready, but nothing is coming 100 smoothly, so I think the challenge will come from finding the correct resource and to see how the work start flowing, and to put some kind of routine in house, that will also be a challenge” (2). The vendor can also act as a human resource for the company, and the fact that some respondents had a well developed relationship with their accounting firm proved to be an opportunity, provided benefits when insourcing. One respondent explained: “She already started to put some data together, for example what I asked is how many hours they served us because I don’t know exactly how many person was behind. So she is preparing this time table right now for me, so I have some kind of picture” (2).
5.4.3 Financial resources
When discussing opportunities and challenges connected to the financial resources some of the respondents provided reflections. Regarding the funding for the process, one of the respondents said: “we need to evaluate if we have the possibility to handle this with the financial situation we have in the company. The solution we have today is expensive so we don’t see the funding as a big challenge” (4). Another respondent expressed himself differently regarding the funding: “we really need to monitor the costs of the external vendor so that we can see the effects of the change, we are still a small company so cash flow is important to us, spending money, even if it will have a positive effect in the long run, is always a problem for us” (5).

5.5 Competences
5.5.1 Physical competences
When implementing insourcing there are some unexpected opportunities that can arise but also potential challenges. One challenge that can arise during the insourcing process is connected to the activities that will be transferred in house, one respondent explained: “You need to have documented and developed processes, so that these people know what they are going to do” (3).

One of the interviewees explained that there is a risk that the change will affect the productivity and efficiency of the company. One respondent explained, “if the accounting does not work and we do not get our invoices correctly, then this will probably annoy our customers” (5). In terms of efficiency, other interviewees also had some concerns, one stated, “it will be a challenge to get the work to start flowing, to put some kind of routine in house, that will be a challenge, at first at least” (2). In addition to these challenges one of the respondents further explain that there could occur some communication problems: “we could have some trouble with the communication with the accounting agency, this regarding what to insource and what should stay outsourced” (5).

Opportunities were also discussed in terms of increased efficiency: “Regarding physical competences I believe that it can be a positive effect in terms of efficiency, this because it is possible to make decisions more quickly, instead of for example waiting for the accounting agency to respond” (5). Another similarly stated, “I believe that we will be more efficient having these activities in house” (7), and same reasoning was used by another respondent when stating, “insourcing is more efficient since you at any moment can ask people sitting near you” (2). Hence, efficiency was considered both as an opportunity and as a challenge when bringing activities in house.

5.5.2 Human competences
When describing the human competences needed, all of the respondents provided insights and the importance of human competences were frequently highlighted. One respondent said: “More than anything, we need the competence, it will not be enough to recruit someone who can perform the activities, instead we will need someone with the competence to see the whole picture, the whole “flow” (4). In line with this, a second respondent said: “It can be difficult to find the right resource regarding the financial statements and the more controlling parts. We need people with the competence to do these tasks” (7). Another one stated, “We need a good planner, who can plan when,
where, and with whom” (2) and continued “this insourced person should know the local law, how to report the taxes, this is a competence we really need in house” (2). Continuing on the same path, another respondent said: “I think it (successful insourcing) is very much about finding the person with the right attitude and competence, and also readiness to stay with the company. If we invest for the person and train him or her to be the accountant for us, then it is very important that we can sort of rely on that this investment is not leaving us after a short while” (3).

When discussing the human competence that is needed, some respondents brought up the importance of not only having the knowledge regarding accounting and the person’s own tasks; additional characteristics are also essential. One respondent stated, “we also need some human competences in terms of social skills, you need to be able to manage social settings even if you prefer to manage numbers. It is easy to just close the door and look at the numbers but that will not work in this case” (5). Another similarly explained that “they need to understand the business and accounting, they need to have a service-minded attitude to be able to serve the different stakeholders in the company” (3). Competence regarding other tasks than just the insourced activities is also beneficial when insourcing, one respondent stressed the importance of this and said: “having someone that knows the ERP (the systems), is fundamental, this is critical, to help you develop some specific devices that you need when bringing the accounting in house, because the ERP is easily customized, you can arrange the ERP for your needs” (6). Even competence regarding computer systems or programs is something valuable when insourcing, as one respondent said: “for a new person maybe it would be good to know this program, as most of the activity are really technical things” (1).

Some respondents also talked about the competences of the people already in the company one said that: “the supervisors need to be good to be able to keep the members motivated” (3) he further explained: “the direct supervisor of these people, when hiring are taking good care of these people, they are feeling that they are appreciated, they have good compensation packages and they are sort of feeling to be members of teams, and in that way they feel happy at their work” (3). Another respondent also discussed human competences in terms of using the knowledge that the company already possesses. One respondent said, “We have a lot of people who knows the business and how everything is tied together. These people can help control the invoices and understand where things should be located” (5). One respondent brought up that in order for the insourcing to be successful, cooperation is needed. The interviewee explained, ”I believe that it is possible to get resources that are good at everything, but I think that we also need to help each other. It cannot only be one person that knows the tasks, we need a few people in every area in order to keep the business running all the time” (7).

In terms of challenges, lack of knowledge was discussed. Several interviewees highlighted the fact that if the people performing the activities in house do not have the knowledge needed, there might be a struggle in the transition. One respondent said, “I have the experience of bringing the accounting in house, I know what is needed to bring the accounting in house but I don’t know the system very well. So from my side there is a lack of competence of knowing all the tools that the system provides” (6).

When looking at the company from a bigger perspective, in terms of competences, one respondent said: “We have the financial competences and the system competences, what
we are lacking is the accounting competence, that is what we are missing” (5). The existing competence in the human resources within the company proved to be an asset for some companies when executing the insourcing process, one respondent said: “I have this kind of background from finance department and I am very glad for now that I have this kind of competence” (2). Previous experience of insourcing is a competence that was frequently mentioned. One respondent said: “I did it with someone who already had the previous experience of bringing an accounting in house ... So I think that it is very important that when you’re doing that for the first time, you do it with someone who has faced this challenge before. The process is so much harder when no one has faced it before and it is new for everyone” (6).

Finally, the respondent added, as a response when asked about competences that were missing during the insourcing process: “I think what I can say is that the process has added competence to everyone that was involved. It added competence; I don’t think there was a lack of competence” (6).

5.5.3 Financial competences
Regarding the financial competences and their role in the insourcing process, some respondents talked about their company’s ability to handle the process. The company’s capacity to handle the process in terms of both financial competences and resources were not seen as a big challenge overall. However, some respondents mentioned challenges that should be considered. One respondent highlighted a possible challenge regarding the capacity to handle cash flow, “efficiency-wise this change could slow us down if we have trouble sending our invoices, which in turn will affect our cash flow” (5). Another one said: “we need to evaluate, can we handle this with the financial situation we have in the company?” (4). Despite this, the overall impression was that the financial competences would not be a big challenge, one respondent said, “We have the financial competences and the system competences needed” (5). Insourcing was also seen as an opportunity to utilize the company’s capacity and funds in a more efficient way. The cost savings enabled by insourcing will release funding, which can be directed towards other business areas.
6. Analysis and discussion

In this chapter the findings that were presented in the previous chapter are discussed in relation to the theoretical framework that this study is based upon. The empirical data gets connected with the theoretical basis through an analysis and review of the data using a thematic analysis.

Based on our empirical findings presented in the previous chapter, our analysis resulted in four themes. The derived themes are: design of sourcing solution, the insourcing process, resources and competences. Our analysis of the four themes will be presented below.

6.1 Design of the sourcing solution

The theme design of sourcing solution concerns how to create the best sourcing solution in order to take advantage of the opportunities and minimize the challenges. Something that all respondents discussed frequently was the fact that insourcing and outsourcing are options and the decision involves a trade-off analysis and an assessment of the particular activities. It is important to emphasize that insourcing is only one of many options available for the companies. This aspect is important to highlight as the design might have an effect on the insourcing process and the opportunities and challenges inherent in the process. There was a coherent view amongst the respondents that partial insourcing is the best alternative, except for certain cases where the operations are small. This decision is also connected to the opportunities and challenges of each alternative that the respondents also talked a lot about. By choosing a mixed solution one can minimize the challenges of each alternative and reap the opportunities of the other alternative.

A strategic analysis is a good tool to assess which activities that are suitable for outsourcing, it should include a cost-analysis, level of quality accepted and what the goals are (Embleton and Wright, 1998, p. 100). As theory suggest, the outsourcing decision made sense from the beginning but as time passes and the business environment changes the reasons behind the decision might change (Tadelis, 2007, p. 265). Based on our respondent answers, we argue that this is exactly what happened in the companies whose employees we interviewed. The decision to outsource the activities in the first place was clearly a strategic decision for all of the companies, as described by one respondent: “they decided that they should outsource the accounting because they wanted to focus on the core business” (6). This statement is very much in line with the resource-based view of the “make or buy” decision, which stresses the importance of keeping core activities in house (Freytag et al., 2012, p. 194) and that the significance of different activities should determine if an activity should be outsourced (Quinn & Hilmer, 1994, p.43).

However, according to McIvor (2000, p. 26), companies who focus too much on their core competences might risk missing-out on the other skills that people provide which can be beneficial for the organization in the future. Our results confirms this, one respondent said that they are becoming “anorectic” in their company, meaning that the knowledge and competences are outside the organization rather than within. Defining the significance of each activity can help aid the decision (Quinn & Hilmer, 1994, p.43).
Our findings reveal that the challenge connected to this decision is to decide the scope of the change, which activities should be insourced and which should remain outsourced. Having employees with previous experience in the process is therefore a major opportunity. Axelsson (1998, p. 203) suggest that support activities are suitable to have internally as they support the core business. Many respondents talked about bringing back the governing activities of accounting. Even though accounting is not a part of the core business, it works as support for the core activities. Well functioning accounting activities is crucial in order for the core business to flourish. Axelsson (1998, p.203) suggest that activities that are separable and peripheral could be carried out by an external part, as they do not affect the main processes. This was confirmed by our respondents, who thought that the relationship with the vendor was good overall but that some activities needed to be insourced in order to increase the control. Lacity and Willcocks (1996, p. 205) suggest that organizations should insource activities that are complex, if it involves significant investments or there are few suppliers. We argue that this view is not applicable in this case, as there seems to be other reasons why insourcing is considered. The activities can be considered complex, but not so complex that they cannot be executed by an external vendor. Additionally, our results and our respondents’ answers show that it does not require significant investments, except for time. Finally, insourcing is a good option when there are few suppliers, which is not the case in this situation, there is an extensive amount of vendors ready to take care of the accounting if the company wishes to keep it outsourced.

The long-term perspective is often overlooked when a company chooses to outsource and instead it is a response to a more short-term goal (McIvor, 2000, p. 24). In line with this, we argue that the decision to insource or outsource should depend on the long-term goals of the organization. Investing to perform the activity internally is suitable if the activity can help to achieve future growth (McIvor 2000, p. 24). The long-term goal of Alfa Sweden is growth and as one respondent said, “we must consider our formation so that we can handle increasing volumes and a bigger organization” (4).

All of the respondents from the companies had a clear view of the cost involved in the change which means that they made an analysis of the current situation and what implications a change might have. They were all convinced that no matter of how the new solution is designed, it will be cheaper than the existing one. However, in line with the transaction cost framework developed by Williamson (Johnson et al., 2014, p.236) one must consider the relative cost of either alternative and especially the transaction cost of coordinating, controlling, monitoring, and managing the transactions. The existing outsourcing arrangement is not only costly in terms of the price for the service, the monitoring and coordinating takes a lot of time. As one respondent said: “answering questions regarding accounting takes time from my other work tasks, so instead of analyzing our business and planning for the future I am working with the results from last year” (4). Another respondent experienced something similar: “we are analyzing the business controller participation percentage to the accounting work and I would say it is too high for me. I cannot properly do my own work. I should support the sites and the management but now I am dealing with small accounting problems” (2). Therefore, insourcing of certain activities might prove to save even more money than the cost of the outsourcing contract, if all costs are included, production cost as well as transaction costs.
The opportunities and challenges involved in both alternatives were addressed frequently by many of the respondents and our results largely correspond to the existing theory regarding this matter. As stated by Heikkilä & Cordon (2002, p. 185-186) companies who outsource can get access to techniques, tools and new technology, which might not be present within the company. They have the opportunity to gain input from the outside and access to the best practices in the industry (Axelsson, 1998, p. 193). The opportunity of having access to expert knowledge was confirmed by several of our respondents, and the respondent from the accounting firm said: “we always have the best programs and better work tools that are continuously updated and facilitates the work, which is something that the company can not have to the same extent” (8). Other opportunities of outsourcing include cost savings, time savings and increased flexibility, accountability and quality (Embleton & Wright, 1998, p. 98). Our research shows that the companies have experienced some of these opportunities. Our respondents frequently mentioned the flexibility of the outsourcing arrangement, and that this flexibility makes them less vulnerable if something unexpected happens. However, the outsourcing arrangement is a costly solution for the companies, and insourcing is a more cost-efficient solution for them. Additionally, our results shows that the time savings attained from outsourcing is often reduced because of the time it takes for managers to control and audit the work.

When discussing challenges involved in the outsourcing arrangement the respondents confirmed many of the known reasons provided by previous research. Challenges when outsourcing can be for example decreased control, decreased quality control, slower access to the information since the supplier has many clients (Embleton & Wright, 1998, p. 99) and communication problems (Axelsson, 1998, 193). Our respondents mentioned decreased control and quality control as one of the main reasons, after the cost reason, as to why the outsourcing arrangement is and will be reassessed. Several respondents talked about how their company is challenged by the fact that they do not have enough knowledge regarding their own numbers. Additionally, the companies’ strength and possibility to grow and meet their future goals is clearly limited when knowledge is outside the companies instead of within. The respondents also mentioned communication as a challenge with outsourcing, that it is of major importance to have clear communication but that this causes many problems for the companies, which leads to time delays and decreased efficiency.

Since the theory regarding insourcing is limited we will turn to existing theory regarding backsourcing when analyzing our results. Heikkilä & Cordon (2002, p.184) argue that changing from outsourcing to backsourcing could mean less focus on the core business. Our research regarding insourcing does not provide us with enough information to make a conclusion regarding this issue but it has provided us with information that the existing arrangement takes a lot of time from managers and their focus on the core business. Therefore we argue that in the short run it might take time from the core business, because of the need to govern the activities, but in the long run it will release time instead.

One opportunity with backsourcing is better responsiveness. Our results show that this seems to be true for insourcing as well. As mentioned above, issues regarding communication are clearly one of the challenges when outsourcing. Heaton (2004, p. 94) argues that companies can overcome this challenge and increase their efficiency by backsourcing, and even though the results may not be visible right away they will be
present in the long run. Being physically close to your co-workers facilitates small improvements that can benefit the business such as increased efficiency, lower costs and increased quality (Heaton, 2004, p. 94). Our results confirm that the same is true with insourcing, many of the respondents mentioned that the efficiency would increase with “easier decision making and faster processes” if you could communicate with people in the same location as you. One respondent experienced this in practice when insourcing, that the efficiency was increased when the activities were insourced and that it is easier to meet deadlines since you have control over the processes. Another respondent provided us with information regarding an opportunity that arose during the planning phase, and concerns a physical resource. When he was reviewing the program, he discovered that the system used within the organization could provide him with more information than he thought, which led to a situation where they could insource payroll as well even though that was not considered initially. Other opportunities that were brought up were e.g. that insourcing could result in higher motivation, more flexibility and increased responsibility.

According to Bengtsson et al. (2005, p. 101) increased internal knowledge is another opportunity of backsourcing, as new skills and knowledge must be built inside the company. In line with this, our research shows that insourcing includes opportunities such as having knowledge and information within the company instead of outside. However, some knowledge must also be transferred from the vendor, which might be more complicated than expected. There is a risk that important information and knowledge might become unavailable (Whitten & Leidner, 2006, p. 607). A majority of our respondents said that this is a complicated situation as they are depending on their vendor and their cooperation but that the outcome will depend on specific relationships and cultural differences. If this challenge is not managed it can result in the change period becoming a costly period. This is in line with the idea of Bengtsson et al. (2005, p. 101), whom claim that the consequences of the decision will depend on the context. One respondent mentioned the uncertainty involved in the insourcing process as one big challenge: “In our current situation we know exactly what we have. When implementing a change, you cannot know what the results are going to be” (5). As mentioned, building knowledge within the organization is crucial for successful backsourcing but the challenge is the risks involved in recruiting the people, they might not have the necessary experience and skills (Veltri et al, 2008, p. 58). Whitten et al. (2010, p. 169) argue that it is important to focus on human resources early on in the process and managing them in a suitable way. In line with this theory, our respondents stressed the need to find the right resources in order for insourcing to be a successful strategic move.

6.2 The insourcing process
The second theme regards the insourcing process. Our results highly correspond with the framework presented by Bhagwattvar et al. (2011). In addition, it also fits with our categorization of the outsourcing process. The three phases planning, implementation and control, which were developed in the theoretical framework, can hence be seen in the findings from this study.

According to Greaver (1998, p. 18) the planning phase of the outsourcing process includes risk assessment, deciding who is in charge of the change and if the company has the necessary resources to execute the change. Other actions to take are performance and cost analysis and to set objectives. Our results correspond to this as
many interviewees discussed the importance of having a manager responsible for the process, collecting the necessary resources and assessing the challenges with the change. Zhu et al. (2001, p. 373) also argue that the process starts with a planning phase that includes making a business plan and estimating costs for all options. Brown & Wilson (2005, p. 25) similarly claim that the first phase involves setting objectives and determining the scope of the change. Also, time and resource estimation as well as budgeting is included in the planning (Brown & Wilson, 2005, p. 25). Our findings shows comparable results, the planning phase of insourcing includes activities such as mapping the current costs of having the activities outsourced and putting together a budget for having the activities in house. In addition, respondents also brought up activities such as analyzing the company’s current situation and evaluate options. The respondents additionally discussed the scope in terms of how many activities to insource and emphasized that having a timetable of how long the change process will be is helpful. The only objectives that were discussed were concerning costs, this was stated by one respondent, “the goal is to have a large effect on the costs already during this year” (5).

Greaver (1998, p. 18) and Brown & Wilson (2005, p. 25) argue that one step regards the identification and evaluation of suppliers and choosing the most suitable one. One can argue that this corresponds to the action of finding candidates and recruit the right people, which was frequently brought up during our interviews. According to Greaver (1998, p. 18), Brown & Wilson (2005, p. 25) and Zhu et al. (2001, p. 375-376), one phase of the outsourcing process is about negotiation and putting together a contract with the vendor. Since insourcing means ending parts of or the whole relationship with the vendor, we argue that this action in the outsourcing process corresponds to the action of notifying the vendor of the change in the insourcing process. During the implementation phase the outsourcing process considers communication, human resources and the transition itself and how it is being managed. According to our research, this phase revolves around the training of the new employees that has been hired and taking over the data from the external vendor. Lastly, the final phase of the outsourcing process regards relationship management, evaluation of the process and the results of the change as well as improvement areas (Greaver, 1998, p. 18; Zhu et al., 2001, p. 377). At this point the company can also evaluate if other options are more suitable (Brown & Wilson, 2005, p. 25). The findings of our research similarly show that the control phase includes evaluation of the change process and monitoring the cost, i.e. assess if the objectives have been met. In terms of insourcing the management of the relationship can here be seen as making sure that the employee are taken care of instead of the external vendor.

According to the backsourcing process developed by Bhagwatwar et al. (2011, p. 170) the first action to take is to notify the vendor of the change that is about to happen. Our research shows mixed opinions about when this should be done. Some respondent told us that this was the first thing they did, while others wanted to create a stable foundation before they notified the vendor of the change. However, they all took this action sometime during the initial planning phase. The following actions presented by Bhagwatwar et al. (2011, p. 170), conducting audits, defining what activities that are going to be brought back, putting together a team for the project and make a plan where all steps that could be found in our results. The respondents discussed these actions during the first phase of the change process. The activities were brought up in terms of timetables, current situation analysis and choices, mapping of current costs, budgets,
determination of activities involved and having people with the right competence responsible.

One aspect that was brought up during the majority of the interviews was the reaction of the vendor when they are notified of the change that the company is making. Several respondent discussed that this might affect how the vendor continues it’s work for the company as well as how helpful they are with information that would facilitate the company during the change process. However, the respondents did not state that this was a step in the insourcing process, just a possibly challenging aspect to keep in mind, which deviates from Bhagwatwar et al. (2011, p. 170) backsourcing process where cherishing the relationship with the vendor is included as a step of the process.

In line with Bhagwatwar et al. (2011) the interviewees brought up hiring new people to perform the activities in house and the importance of finding the right people with the right competence. The respondents did not specifically say that they had a plan for the recruitment, however several of the respondents mentioned recruitment and how it should be handled, one respondent said: “for that I asked help from HR department and also the accounting firm who tried to do the first selection for us” (2). In addition, some discussed the cost aspect of the recruitment: “there is a risk that the period when we make this change becomes an expensive period when we have both our own resources and the external vendors” (5).

The following steps presented by Bhagwatwar et al. (2011, p. 171) were security policies, continuing with the business operations and managing the company’s stakeholders. Security policies and managing the company’s stakeholders were steps that were not brought up during our interviews about the insourcing process. However, continuing with the business operations was brought up by some respondents, they discussed the importance of maintaining the operational activities and continuing to be a profitable company while the change is being implemented.

Bhagwatwar et al. (2011, p. 172) argues that the last step of the insourcing process is about recording the information and capturing the knowledge. Some of our respondents also brought up this aspect. One said, “I would say that it’s always learning’s, so it is important to have enough trainings, record all the processes. We are now learning from the case” (3), another similarly explained: “I need to write down all the challenges I met, because this case was the pilot so let’s learn from the process” (1). In addition, the results of our study show that recording the processes should be ongoing during the whole insourcing process. By continuously recording what is done, the process can be improved and done more efficiently if going through it again in the future. Hence, we can conclude that the backsourcing process and the insourcing process that we have obtained through our research share many similarities.

We have been able to create a model for what the insourcing process looks like which can contribute and guide companies who are planning to insource certain activities in the future. Figure 5 below present the findings we have gathered through our interviews. The phases of the process, meaning planning, implementation and control, has been derived from the outsourcing process in order to build a foundation for the process. Additionally, we wanted to investigate if the phases used in the outsourcing process could be applied and used for the insourcing process as well. Our research shows that the phases developed worked as a foundation for the process but that the steps in each
phase deviates from each other. This is hardly surprising since the processes are the opposite of each other but it is not possible to just do the steps in a reversed order.

The answers from the respondents regarding the process varied to some extent in terms of the order of the steps within each phase, therefore we have included them in the phases without any particular order. Our research shows that it is beneficial to make a timetable for the project, and that it should be done in the planning phase. The planning phase also consist of auditing of the current arrangement, which means analyzing current situation and look at options. Another step is to determine the scope of the insourcing, how many of the activities that should be brought in house and which ones that are most suitable in order to take advantage of the opportunities and manage the challenges. Mapping of current costs is about making a budget for the project, in order to ensure that the process is cost-efficient. Finding the right human resources as well as other physical and financial resources is also a part of the planning phase. Lastly, the vendor should be notified of the changes early on in the process so that they have time to prepare. The implementation phase includes training of new personnel and taking over the data from the vendor. Our research shows that the control phase is about managing the relationship with the people inside the company, both new and old ones and also to keep track of the costs involved in the process in order to evaluate if the goals were met. Additionally, evaluation of the process and assessing what went good and bad. This is connected to the recording of the process that should be ongoing throughout the whole process.

Our result shows that the insourcing process and the backsourcing process are more similar than we initially thought. We argued that the process would look different depending on if you have had the activities in house before because then you might possess some knowledge about what resources and competences you need and you can compare it to your previous situation. Previous knowledge about the activities can be beneficial in many ways, for example you have knowledge about the scope of the activities and you are aware of the amount of resources needed to perform the activities.

Figure 4. The insourcing process (own model)
in house. However, our results show only minor differences from the framework presented by Bhagwatwar et al. (2011). There were only three steps of the backsourcing process that was not found through our research, those steps were workforce requirements and responsibilities, security policy and management of the stakeholders. Therefore, we can conclude that the backsourcing and insourcing processes share many similarities and that they can be assessed using mainly the same criterions. One implication that we have not assessed could be the time aspect of the process, perhaps the steps are similar but the time for each step is less when backsourcing. However, since we have not conducted any interviews with backsourcing companies, these ideas are only assumptions.

6.3 Resources
Our third theme regards the resources in the insourcing process and the opportunities and challenges that may arise from them. The respondents answers revolved mostly around the human resources but our respondents also identified several challenges and opportunities related to the company’s physical and financial resources.

Our results provided us with some information regarding the physical resources. Physical resources are resources such as computer systems, buildings, databases and equipment (Johnson et al., 2014, p. 71; Collis & Montgomery, 2008, p. 142). Our research shows that the physical resources can present both some opportunities and challenges when changing from outsourcing to insourcing. The respondents talked about the need to obtain the necessary resources such as office space, business systems and programs. In term of opportunities our study show an opportunity if the company already have a lot of the necessary physical resources to implement the activities. In addition, insourcing could also mean an opportunity in terms of being able to utilize the physical resources in better ways. Several of the respondents stressed this fact that they already had the majority of the necessary physical resources in house. Therefore, the physical resources did not present many challenges. However, one challenge regarded not having the technology and the computer systems needed, how they function and the employees’ ability to handle these. This challenge was also presented by Maelah et al. (2010, p. 235) in their research regarding the challenges in the insourcing process, they stressed the challenge involved in not having an accounting system in place and also the challenge of lack of compatibility with other systems.

According to Johnson et al. the financial resources can be for example the company’s cash flow, balance sheet and suppliers of funds (Johnson et al., 2014, p. 71). Our study show that the financial resources presents a challenge regarding if the company have the capacity to handle bringing the activities in house with its financial situation. A need to monitor the cost carefully was also emphasized in order to make sure that the cash flow is not affected negatively. However, according to our research the financial resources was not seen as a big challenge for the majority of our respondents, this because they see insourcing as an opportunity to decrease the costs.

According to Johnson et al. (2014, p. 71) the people that are involved in the company’s activities are called human resources and can for example be partners, suppliers, employees, managers and customers. When discussing the resources necessary for insourcing a lot of the people involved in the process were brought up. First of all, the managers were brought up as a central part of the process. A manager in charge is
needed to plan and organize how the change will take place. For example, this person is responsible for making a current situation analysis, putting together a budget, timetable, finding and recruiting new people and making sure that the company has the necessary resources for the change. Having a person responsible for the process with knowledge and previous experience of making this type of change can help the process run smoothly. If the manager lacks experience, the process will be challenging. Also in the control phase, the manager has a central role. During this phase, the manager should follow up and evaluate the process. Hence, the manager and its abilities play an important part many times of the insourcing process. In terms of human resources there is also a risk of losing the resources. If the resource leaves, the company could have a big challenge trying to find a replacement. It is therefore important that the manager makes sure that the employees are taken care of and that they feel satisfied and motivated in order for them to stay within the organization.

In line with the theory about human resources presented by Stavrou-Costea (2005, p.113), our results show that one important human resource is the employees, both the existing ones and the newly hired ones. As human resources, the employees play the most central role in the implementation phase. Regarding the employees, the managers face a challenge regarding the training and development of the workers (Stavrou-Costea, 2005, p. 114). At the implementation phase the employees need to be trained so they have the right expertise to do the assignments. Investing in training will improve their skills and knowledge, which in turn contributes to company success (Stavrou-Costea, 2005, p. 114). Organizations should not only hire new people, but also put focus on the already existing employees that may have much to offer (Stavrou-Costea, 2005, p. 115). In line with this our research suggests that it is common that companies already have employees with competence that can be utilized when insourcing. The company can therefore enhance their abilities and competences by providing their workforce with further training. After the training has been done, the workforce plays a central role when they take over the data from the vendor and starts performing the activities in house. A challenge that was brought up regarding this is the ability to create a routine and handle the process within the company, this in order for the activities to continue being performed as they are supposed to.

The human resources do not only include the people per se, but also the people’s skills and capacity (Axelsson, 1998, p. 197). Regarding the peoples ability a challenge can arise when recruiting new people. The challenge of finding people with the right competence was frequently discussed during the interviews. Many interviewees stressed the fact that they needed to hire people that were suitable for their company and have knowledge in accounting. “I would say that we need some resources who knows the process and who can evaluate what kind of additional resources we need” (2). Our results show that if the company cannot find people with the right competence it could jeopardize the whole organization’s business. The consequences for not having the right human resources can for example be that they are not able to perform the activities correctly affecting the efficiency and productivity, which can result in delays, higher costs and dissatisfied customers. When new people have been hired and the activities are implemented in house our research show a challenge in terms of teamwork and making sure that the employees become a part of the group. This challenge needs to be handled efficiently for the insourcing to be successful.
The human resources are the people that are available for the company (Johnson et al., 2014, p. 71). Hence, the resources are what the organization has, and when changing to insourcing the resources in terms of the external vendor will change. In the insourcing process the external vendor as a human resource plays its most important part in the implementation phase. For some companies the vendor helps to train the employees that will be taking over the activities from the vendor, hence help from the vendor is a big opportunity for the company. It is also in this phase that the data is transferred from the vendor to the company. As a result of ending the outsourcing contract, fully or partially, the company loses this resource to some extent. For example when notifying them of the change, there is a risk that the contact with the vendor slows down which might affect the change process and become a challenge for the company. Maelah (2010, p.235) present a similar result in their study of the challenges in the insourcing process, their result shows that the vendor might be reluctant to cooperate and release information. The external vendor is an expert in the subject meaning that they can guarantee the quality of the work. When changing to insourcing, this resource is no longer available, and the company needs to replace this resource with another one. Hence, the vendor has the knowledge and all the information, and insourcing can therefore include a challenge in terms of lack of expertise and how to gain this knowledge.

6.4 Competences

The last theme we identified when analyzing our codes is the competence theme, which regards the competences in the insourcing process and the opportunities and challenges that may arise from them. Similarly as with resources, our respondents’ answers were mostly connected to the human competences but our respondents also provided reflections about several opportunities and challenges related to their company’s physical and financial competences.

According to Collis & Montgomery (2008, p. 142) physical competences are the company’s capabilities that are rooted in the culture, processes and routines. A challenge that was brought up in our research that can be related to this was the need to have documented and developed processes. A few respondents also stressed the importance of getting a routine when implementing the change. Johnson et al. (2014, p. 71) argues that physical competences can be flexibility, efficiency, productivity and marketing as well as optional ways to utilize the plant. Physical competences that were frequently brought up by our respondents were flexibility, efficiency and productivity. The main opportunities shown in our research are increased efficiency and productivity. Having the activities in house and the co-workers sitting next to each other can make the communication and decision making faster. In terms of efficiency as well as productivity, our study shows that these aspects not only means opportunities but also challenges when insourcing. If the company does not have the necessary resources and competences needed to implement the activities, or if there is a lack of knowledge about technology and computer systems, this could affect the efficiency and productivity of the whole business.

Financial competencies can according to Johnson et al. (2014, p. 71) be the capacity to gather funds and handle cash flow. The capacity to gather funds was brought up by some respondents in our study as the ability to handle the process in terms of financial competence. However, this was not seen as a big challenge. The main challenge
regarding financial competences concerns the cash flow and the company’s ability to go through this change process without it having a major effect on the company’s cash flow. Lastly, our research shows that the financial competences present an opportunity if the company has the financial competence needed.

Similarly as the case with the resources, if not even more, our research shows that the human competences are the most predominant factor when going through the process of insourcing certain activities and it is also in relation to the human competences that most challenges can arise. To possess competence and resources within the organization is a strategic priority for many executives and companies (Hodges, 2017, p. 5). According to Axelsson (1998, p.197), the resources and competences are closely connected as competences are needed in order to exploit the resources efficiently. As stated by Collis & Montgomery (2008, p. 142), every company has its own set of experiences and acquires skills and assets that are specifically needed for the company. Therefore, we argue that the key to successful insourcing depend on the competences that the company possess. The companies and the respondents who we interviewed possess many competences that are beneficial when going through the process of insourcing and a majority of the respondents thought that their company would have the competences necessary to achieve the change, that the management’s competences and their experiences would facilitate the execution of the phases in process. As one respondent put it: “it is very important to have someone to discuss ideas with and consider previous experiences when entering the process” and continued: “we have good control over what we want to do and how we will do it” (4). Despite this, we were able to identify some capability gaps. As stated by Hodges (2017, p. 6) it is important to identify possible capability gaps in order to facilitate the change process. Conducting interviews with individuals from different companies with different experiences revealed some of these gaps and we will present them as challenges since we believe that the gaps are the cause of the challenges.

Johnson et al. (2014, p. 71) presents several human competences, one of them is how people collect and make use of their experiences, knowledge and skills. The level of skills and knowledge of the workforce ultimately decides the company’s success (Stavrou-Costea, 2005, p. 114). During the interviews, the knowledge and experience of the people within the companies was a subject that was frequently discussed. Our respondents highlighted that bringing activities in house requires a lot of knowledge and experience, especially in this case when the activity that is regarded is accounting, which is a complex activity with many rules. If the responsible people in house have not gathered the necessary knowledge to perform the activities, the risk is that the assignments will not be executed properly. Additionally, our findings suggest that the human resources must have other competences than the most obvious ones in order to succeed within the company. One respondent explained that the accounting competence must be there but that it is essential that the person also is cohesive and have knowledge about how the decisions affect the overall business.

According to Johnson et al. (2014, p. 71) two additional human competences regards how to build relationships and motivate others. Our results show that motivation plays a central role in the control phase of the process. Field (2006, p. 24) argues that there are many external factors that affect people’s motivation such as leadership styles, time limits, work proceedings and relationship with colleagues. When conducting our interviews, several of these aspects were brought up. One respondent brought up the
importance of becoming a team and making sure that the newly hired workers feel like they are a part of this team. Another argued that it is essential make sure that the personnel is happy at work in order for them to perform their best, and that this can be achieved by having an appealing work environment. This is also in line with Field (2006, p. 24) who suggests that having a supportive work environment will facilitate the personnel’s motivation and performance.

Another human competence presented by Johnson et al. (2014, p. 71) is technological know-how. During the interviews several respondents talked about the challenge of knowing the technology and the systems. If the company has to set up a new system to perform the activities in house, and the employees does not have knowledge and experience of using the system, it will be a challenge for the company to implement the activities in house and the result might be delays of the. This is in line with the theory that challenges can arise when trying to adapt to new technology (Field, 2006, p. 24). Today companies face technological challenges (Stavrou-Costea, 2005, p. 113), and Field (2006, p. 24) suggests that training is required to make sure that the personnel has the right capabilities. One of the respondents addressed this issue and explained that technological training was provided for the person that was going to perform the activity. Through the training the person became familiar with the systems used, and in turn the work was facilitated.

One human competence introduced by Johnson et al. (2014, p. 71) was innovation. When conducting the interviews, innovation was a subject that never was brought up by the respondents. We argue that one reason as to why innovation was not discussed could be due to the fact that changing from outsourcing to insourcing does not involve much invention, it is rather a relocation of activities.
7. Conclusion

In this section, the thesis’ research question is answered and conclusions are drawn. Further, the section contains an explanation of the study’s theoretical and practical contributions. In addition, practical recommendations are provided. Finally, the limitations of the study, as well as suggestions for future research are presented.

7.1 General conclusion
The purpose of this study has been to explore the opportunities and challenges that can arise in relation to the firm’s capabilities when going through the insourcing process. To fulfill our purpose, we performed qualitative interviews with individuals from different companies within the same group as well as an external vendor. It is important to underline that the vendor is not the same as the one used by our respondents. We have explored the respondents perceptions and experiences about the insourcing process and the steps that they believe that the insourcing process consist of. Furthermore, we have investigated the opportunities and challenges that may arise from various perspectives, derived from the companies’ capabilities. Our research within this field has provided us with a comprehensive understanding of a topic that is relatively unexplored. In order to achieve the purpose of this study we will now answer our research question:

What kind of opportunities and challenges in relation to the organization’s capabilities can arise during the insourcing process?

The opportunities and challenges in the insourcing process in relation to the company’s capabilities have been assessed. Our research suggests that the insourcing process mostly revolve around the humans involved in the process but the other resources and competences also provide opportunities and challenges. This type of change depends largely on resources such as managers and employees to perform the activities, and competences such as experience, skills and know-how in order to do the work correctly. Therefore, human capabilities are most essential for the change to be implemented successfully. Table 3 below illustrates the opportunities and challenges in the process.
Table 3. Opportunities and challenges in the insourcing process (own model)

<table>
<thead>
<tr>
<th>The insourcing process</th>
<th>Planning</th>
<th>Implementation</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td>- Human resources with previous experience and knowledge - Using the knowledge that the company already possess - Ability to utilize the physical resources in better ways</td>
<td>- Using the knowledge that the company already possess - Necessary physical resources available - Increased motivation and commitment - Receiving help from the vendor</td>
<td>- Increased control - Faster communication - Time-savings - Increased flexibility - Cost savings - Enhanced information within the company - Increased efficiency and productivity</td>
</tr>
<tr>
<td><strong>Challenges</strong></td>
<td>- Relationship with vendor - Find the right human resource - Finding a balance between insourcing and outsourcing</td>
<td>- Take over data - Train new people - Create a routine - Make it not affect efficiency and productivity</td>
<td>- Keep motivation high - Keep people within the organization</td>
</tr>
</tbody>
</table>

In the planning phase our respondents talked about several opportunities. One of the most predominant opportunities is connected to the humans already working in the company. Their previous experience and knowledge can provide significant benefits when planning the change. This is closely connected to the next opportunity, which is taking advantage of this knowledge in an efficient way. The ability to utilize the physical resources already available also presents an opportunity for the company. One of the challenges that can arise in the planning phase concerns making a plan for the process, it is crucial that the company have the resources and competences necessary. The company needs to have the human resources such as managers who can govern the process and previous experience in insourcing is crucial, if the person responsible lacks this experience it can lead to several other challenges. Another challenge is to determine the scope of insourcing, the problem lies in assessing where to draw the line between what to keep in house and what to outsource. Another possible challenge concerns the relationship with the vendor, the company needs to have the human competence to deal with this delicate situation, the relationship must continue to be cooperative and sometimes cultural differences can be a challenge as well. The next challenge provided by our research concerns finding the right human resource for the job, this means that the company needs to have the support in the company from the HR department and other human resources, they also need to have the competence to assess what competences the new person should possess. This also includes finding someone who possesses other competences than just the accounting competence. The person should also have a governing role in the process and be able to see the purpose and how certain decisions affect the rest of the business. Our results show that this is the biggest challenge in the insourcing process and almost all of our respondents specifically
highlighted the importance of finding the right people and thought that the recruitment would determine the outcome of the whole insourcing project.

The opportunities inherent in the implementation phase regards the knowledge that the company already possess and if they can manage and use it to increase their performance. In order to increase performance further, the company has a huge advantage if they already possess the physical resources, since it requires less investment both in terms of time and money. As mentioned before, the human resources and especially the employees have a major impact on the outcome of any change. If the company can motivate their employees and increase their commitment, it can lead to further opportunities that may spread to the rest of the organization. Additionally, receiving help from the vendor in terms of training and information can prove to be an opportunity since it facilitates the change process and makes the transition smoother. The challenges in the implementation phase lies in the training of the new human resources, this will demand external or internal resources and competences in form of somebody with knowledge and experience. When the employees have been trained and acquire the right competence the data can be taken over from the vendor. A bad transition of data from the vendor to the company could e.g. be that the vendor does not support the company and provide the company with all the information needed. To prevent this from happening, the results of our research highlight the importance of cherishing the relationship with the vendor. The next challenge in the implementation phase is to assure that the process is brought in house without having a negative effect on the company’s efficiency and productivity. This is connected to the final challenge in the implementation phase, which is that the activities should be implemented while the rest of the business continues to run normally.

In the control phase, the opportunities consist of the long-term positive effects the company can experience as well as more short-term effects. Having the information within the company instead of in the hands of an external vendor can lead to increased control and flexibility as well as time-savings and faster communication and is something that the company can take advantage of. Additionally, insourcing can lead to cost savings and increased efficiency and productivity. The challenges consist of keeping the people within the organization and motivating them. Our respondents stressed the need to retain the human resources in house because if the person would leave the company they would risk losing valuable competences and information. This is also a reason as to why documentation is crucial during the insourcing process, in order to mitigate this risk of information loss.

7.2 Theoretical contributions
Our research and results have generated several theoretical contributions. Prior research has looked at the outsourcing process (see Greaver, 1998; Brown & Wilson, 2005; Zhu et al., 2001) and the backsourcing process (Bhagwatwar et al. 2011) but there is a lack of research regarding the insourcing process. Our qualitative study has generated a deeper understanding in the field theoretically, as this study developed a process for insourcing with empirical evidence and confirmed that some of the steps are similar or identical with the steps of backsourcing process presented by Bhagwatwar et al. (2011). Therefore, our research has also enhanced the existing research on backsourcing. Previous researchers have looked at the opportunities and challenges regarding outsourcing and backsourcing (See for example: Heikkilä & Cordon, 2002; Freytag et
Our study can confirm many of the ideas found in previous research regarding these opportunities and challenges. Maelah et al. (2010) looked at the risks in the insourcing process but their research did not reveal any opportunities. Therefore, we have contributed with an extension of the challenges and an understanding of the opportunities connected to the insourcing process. Further, our study has advanced the prior research regarding capabilities and has connected them to the opportunities and challenges in the insourcing process specifically. It has highlighted the importance of the human resources involved in the process and their competences. Conducting this research has enabled us to answer our research question and by doing so we have also generated insights regarding the identified research gap, which contributes with valuable knowledge within the relatively unexplored field of insourcing.

### 7.3 Practical implications

The purpose of this thesis has been to explore the opportunities and challenges that can arise when organizations go through the insourcing process in connection to the company’s capabilities. This study provides valuable information to managers and companies who are considering changing their current sourcing solution. Providing a model of the insourcing process and identifying the opportunities and challenges in relation to capabilities, in each phase of the process, can facilitate the change for organizations in the future. If managers are able to define and understand how their unique capabilities affect the outcome and their ability to seize opportunities and tackle the challenges, it will strengthen their possibility to manage the change. This in turn may lead to more efficient businesses and higher profitability. Based on our research and the similarities with backsourcing that our research shows, we argue that our empirical findings can provide insights to backsourcing companies as well, which in turn make our findings relevant for managers who are considering backsourcing as well.

### 7.4 Practical recommendations

This study’s practical contributions are the recommendations we will suggest for Alfa Sweden. The first recommendation is to ensure that the company has the necessary resources and competences to develop the plan and assess whether the company has the competences and resources needed to go through the process. Additionally, make a budget and quantifiable numbers that can make it easier to determine the cost savings, and then follow up the results. In order to handle the challenges involved in the process from a human point of view, top management involvement and strong leadership throughout the whole process is essential. This in order to establish control and make sure that the process is working towards the organization’s overall goal. We recommend involving other people within the company in the planning phase, except for only managers. This will enhance their motivation and make them feel more involved and they may also contribute with better practical solutions. To deal with possible challenges that may arise in the communication with the vendor we recommend that the company should use clear communication, and cherish the relationship in order to facilitate cooperation. Lastly, there should always be an exit strategy in place in order to create boundaries and safety if the contract would end. If possible the company could include training in the contract in order to avoid the possibility of losing information when ending the contract.
7.5 Limitations and future research

The main limitation of our study is the limited availability of companies who could participate. It was a challenge to reach companies who have experience of going through the insourcing process. First of all, this could be because insourcing is not very common amongst organizations. Secondly, many organizations do not want to share this type of information and therefore they do not publicly announce their insourcing plans. The time frame available for the study also worked as a limitation, we spent a lot of time trying to reach these companies without any success. We could have continued our search but we argue that we would not have reached a sufficient number of respondents. Therefore, our study was conducted in cooperation with companies that belong to the same business group with the same parent company. Since we were able to conduct interviews with several respondents in various positions who could provide different perspectives, we were able to achieve our purpose despite this limitation. The results provided by our research could benefit Alfa Sweden specifically, because it provides a picture of how other companies in a similar setting has dealt with insourcing.

Since the field of insourcing is relatively unexplored, there are many opportunities to expand the research further. Because this decision is not just about choosing insourcing or outsourcing, the common perception is that a combination of the two is most beneficial for the company, this decision would be interesting to investigate further. The question is how the companies should make this evaluation in order to achieve an optimal balance, and this is where we argue that further research could enhance the research field.

To continue the development of research regarding capabilities in the insourcing process we argue that it would be interesting to develop a deeper understanding about the human resources and competences needed. Our research showed that this was the most important capability to consider when pursuing the insourcing process and we believe that it would be interesting to investigate further in order to identify the opportunities and challenges on a more latent level. Even our other resources and competences, financial and physical could be a case for future research within this field, perhaps it is easier to receive information if the questions are more aimed at one categorization, making it easier to specify the questions even further.

Additionally, since the respondents in our study represented different companies but belonging to the same group, further research could compare answers of different companies who do not have any relationship with each other. Perhaps in the future as companies re-evaluate their outsourcing arrangement and decide to insource/backsource some activities it will be easier to find companies who can participate in a study.
8. Truth criteria

In order to determine and assess the quality of this research, four truth criteria are discussed relative to the conducted study.

8.1 Truth criteria for a qualitative study

When the trustworthiness of a qualitative study is discussed, there are four main criteria that are taken into consideration (Bryman & Bell, 2011, p. 395; Patton, 2002, p. 546). These are credibility, transferability, dependability and confirmability (Bryman & Bell, 2011, p. 395), which will be discussed below.

8.1.1 Credibility

The first criteria, credibility, regards if the research has been conducted and presented in a credible way (Bryman & Bell, 2011, p. 397). When conducting qualitative research there is always a risk of bias, meaning that the researcher may have shaped the findings of the study, with or without intention (Patton, 2002, p. 553). In order to avoid this, the researcher should look for divergent patterns and data that support alternative explanations (Patton, 2002, p. 553). This includes the interpretation of the data collected, thus the results of the study should match what the people interviewed have said in order for the study to have high credibility (Bryman & Bell, 2011, p. 397). In order to further increase the credibility of the data analysis we have chosen to use triangulation of data sources. This in order to overcome the bias that may arise from a single perspective (Patton, 2002, p. 556). Triangulation of qualitative data sources can be for example when “comparing the perspectives of people from different points of view” (Patton, 2002, p. 559).

We have gathered information from peer-reviewed scientific articles and economic literature, which we argue makes the theoretical framework of our study credible. We conducted interviews with several companies meaning that we have a number of different perspectives on the subject. However, one can argue that the results from the study are weaker because of the fact that the companies belong to the same group. We have mitigated this by using an additional perspective on the insourcing process as well, which is the perspective of an external vendor. As a result of the use of many sources of information, we argue that the study’s credibility is increased. Additionally, by looking at the process from different angles, meaning the use of various perspectives from respondents having different positions, the credibility of the results is further increased.

When we designed our interview guide we thought carefully about what words we used. It is necessary to use words that are familiar to the respondents in order for them to understand the questions. Therefore we chose to define some concepts in the interview guide to make sure that the respondents new what we referred to when asking about a specific concept. In order to minimize the risk of misunderstandings and avoid asking questions that lead the respondent in any direction, we discussed the interview questions with a third part before conducting the interviews. In addition, as already discusses both of us listened to the recordings of the interviews, and therefore we argue that we made sure that all the data is represented in an accurate way.
8.1.2 Transferability

Transferability is the second criteria and concerns to what extent the results can be generalized to other contexts and if the results would be the same if the study was conducted again in the future (Bryman & Bell, 2011, p. 398). When it comes to qualitative studies, it is usually hard to generalize the results, and therefore the transferability is generally low (Bryman & Bell, 2011, p. 398).

According to Bryman & Bell (2011, p. 398) it is necessary to have a thoroughly description of every step taken in the research in order to give other researchers a platform for how to transfer the results to another context. In our case, that would mean that the findings could be transferred to other insourcing cases. Consequently, regarding our research we argue that there are a lot of factors affecting the insourcing process that is specific for each company resulting in the transferability of the study being limited. We have conducted interviews with individuals from companies that are planning to insource, companies that have gone through the insourcing process and companies that are in the middle of the process. Further, we have also included an interview with an individual working in an accounting firm who has experience from insourcing activities. Even though this is a specific sample, we do believe that the findings regarding the insourcing process and the challenges and opportunities identified in our study can be useful and considered by other companies going through the process.

8.1.3 Dependability

The third criteria in a qualitative study regard the dependability, i.e. the reliability, and concerns how well the study can be replicated and generate similar results if it is conducted another time by other researchers (Bryman & Bell, 2011, p. 398). The reliability is high if others can recreate the study and generate similar results, and it is low when the study is affected by temporary or random prerequisites (Bryman & Bell, 2011, p. 395). The dependability can be ensured by thoroughly explain how the study has been conducted step by step (Bryman & Bell, 2011, p. 398).

During our work with this thesis we have put great effort into facilitating the dependability of the study. By carefully explaining every step of the study, the dependability was facilitated. In the practical method chapter we explain in detail how we have proceeded when collecting the data and how we have interpreted the findings. By explaining how we conducted the research and how we interpret the data we argue that there are enough prerequisites in order for the research to be replicated in the future.

However, it is necessary to acknowledge that humans can have a significant role. Because we chose interpretivism as our knowledge view the social world is seen as dependent on the social actors, therefore one can argue that replication would be problematic. Since this research has had a qualitative approach with semi-structured interviews focusing mainly on the challenges and opportunities in the insourcing process we believe that it could be challenging to assure that similarities would occur if the research was conducted in another context. For example the mindset and mood when conducting the interviews could affect the final result of the study. It is also important to take into consideration that several different social actors are involved due to this being a real-life study.
The dependability can be increased by asking the question another time, this in order to clarify what the respondent meant and avoid misunderstandings (Bryman & Bell, 2011, p. 398). By using semi-structured interviews it was also possible for us to ask additional questions, and we had room for clarification, which gave us a deeper understanding of what the respondent meant. By being able to ask follow up questions depending on the respondents’ answers, it was possible for us to measure what we wanted. However, we mainly asked all the respondents the same questions, which we argue contributes to the dependability of the study. In addition, we made it possible for the respondents to express themselves freely and we formulated the questions and adjusted the interview in order to avoid misunderstanding.

As previously discussed, we transcribed all the interviews. By doing this, we could have a close look at the respondents’ answers to make sure that their answers were correctly reproduced. In addition, the respondents told us that if any additional questions arose we could contact them by email or phone and they would answer the questions.

8.1.4 Confirmability
The fourth and final criteria in order to measure the trustworthiness is confirmability, which is to what degree the authors ensure that their personal values or theoretical inclinations does not affect the findings and conclusions of the study (Bryman & Bell, 2011, p. 398). It is hence important to stay objective in order to keep the confirmability high (Bryman & Bell, 2011, p. 395). In our research we tried to enhance the confirmability by recording the interviews and later transcribe them. In addition, since the interview guide was semi-structured the respondent could answer the questions freely without any influence by us. However, a semi-structured interview also allows the researcher to ask follow up questions as their arise during the interview which could easily lead to bias since one may ask questions that are steering the respondent. In order to avoid this, we conducted all the interviews together. As a result, the execution of the study and the conclusions should be independent of our theoretical direction and personal values.
List of references


Appendix 1, Interview Guide - Before insourcing

The purpose of this thesis is to investigate what challenges and opportunities organizations can expect from insourcing and the insourcing process and how these opportunities and challenges are connected to the company’s capabilities, meaning it’s resources and competences. This information can facilitate the management and the utilization of the organization's capabilities. In addition to that, it is necessary to gain more information regarding insourcing and the insourcing process in order to compare the different sourcing alternatives available in a truthful manner and make an informed sourcing decision.

Part 1 - Insourcing

What is your area of responsibility within the company?

Can you describe the activity that you are planning to stop outsourcing?
Is it a routine activity? Is it a complex activity?

What are the long-term goals of the organization?
Can insourcing contribute to that goal?

What do you believe the process of moving from outsourcing to insourcing will look like?

What kind of opportunities do you think your company will experience if changing to insourcing? Please provide examples.

What kind of challenges do you think your company will experience if changing to insourcing? Please provide examples.

Part 2 - Resources in the insourcing process

Physical resources (E.g. Buildings, products, computer systems, databases, machines, raw materials and financial means)

Human resources (E.g. the people that are involved in the organization’s activities, e.g. customers, suppliers, partners, managers and employees)

Financial resources (E.g. the company’s cash flow, suppliers of funds and balance sheet)

What kind of resources do you think are necessary when executing the following phases in the insourcing process - planning, implementation, and control? Why?

Can you provide examples of resources that the organization possess that you think might prove to be extra valuable when insourcing?

Do you expect to experience any challenges in relation to the organization’s resources? Please provide example of problems that you think might occur due to lack of resources when insourcing.
Part 3 - Competences in the insourcing process

**Physical competences** (E.g. productivity, marketing, efficiency, flexibility and optional ways to utilize the plant)

**Human competences** (E.g. how people gather and use experience, knowledge, skills, motivate others, innovate and build relationships)

**Financial competences** (E.g. creditors, debtors and the capacity to gather funds and handle cash flow)

What kind of competences do you think are necessary when executing the following phases in the insourcing process - planning, implementation, and control? Why?

Can you provide examples of competences that the organization possess that you think might prove to be extra valuable when insourcing?

Do you expect to experience any challenges in relation to the organization’s competences? Please provide example of problems that you think might occur due to lack of competences when insourcing.
Appendix 2, Intervjuguide - Innan insourcing

Syftet med detta arbete är att undersöka vilka utmaningar och möjligheter som insourcing och insourcingprocessen ger samt hur dessa möjligheter och utmaningar är kopplade till företagets förmågor/kapacitet, d.v.s. dess resurser och kompetenser. Denna information kan möjliggöra bättre hantering och utnyttjande av företagets förmågor/kapacitet. Utöver det, är det även nödvändigt att samlar mer information kring insourcing och insourcingprocessen för att kunna jämföra de olika alternativ som finns på ett rättvist sätt och fatta ett välgrundat sourcing-beslut.

Del 1 - Insourcing

Vad är ditt ansvarsområde inom företaget?

Kan du beskriva den aktivitet (aktiviteterna) som ni planerar att sluta outsourca?

Hur viktig är den aktiviteten (aktiviteterna) för företaget?

Vilka är de långsiktiga målen för organisationen?

Kan insourcing bidra till dessa mål?

Hur skulle du beskriva relationen med redovisningsföretaget?

Hur ser kommunikationen ut mellan er och redovisningsföretaget? Daglig kontakt eller mer sporadisk? Via telefon, mail?

Hur rapporteras deras arbete tillbaka till er?

Har ni upplevt att redovisningsföretaget gjort några fel som påverkat er verksamhet? Ge exempel.

Hur tror du att övergångsprocessen från outsourcing till insourcing kommer att se ut?

Vilka möjligheter tror du att insourcing kan ge företaget? Ge exempel.

Vilka utmaningar tror du att insourcing kan ge företaget? Ge exempel.

Del 2 – Resurser i insourcingprocessen

**Fysiska resurser** (t.ex. byggnader, produkter, datasystem, databaser, maskiner, råvaror och ekonomiska medel)

**Mänskliga resurser** (t.ex. personer som är involverade i organisationens verksamhet, såsom kunder, leverantörer, partners, chefer och anställda)

**Finansiella resurser** (t.ex. bolagets kassaflöde, balansräkning och investerare)

Vilka resurser tror du är nödvändiga för att utföra följande faser i insourcingprocessen - planering, genomförande och uppföljning? Varför?
Kan du ge exempel på resurser som organisationen besitter som du tror kan visa sig vara extra värdefulla när insourcingen genomförs?

Tror du att ni kommer stöta på några utmaningar när det gäller organisationens resurser?

Ge exempel på problem som du tror kan uppstå p.g.a. brist på resurser när insourcingen genomförs och vilka resurser det gäller.

**Del 3 - Kompetenser i insourcingprocessen**

*Fysiska kompetenser* (t.ex. produktivitet, marknadsföring, effektivitet, flexibilitet och olika sätt att utnyttja anläggningen på)

*Mänskliga kompetenser* (t.ex. hur människor samlar och använder erfarenhet, kunskap och färdigheter, motiverar andra, kommer med nya idéer och bygger relationer)

*Finansiella kompetenser* (t.ex. borgenärer, gäldenärer och förmågan att skaffa finansiella medel samt hantera kassaflöde)

Vilka kompetenser tror du är nödvändiga för att utföra följande faser i insourcingprocessen - planering, genomförande och uppföljning? Varför?

Kan du ge exempel på kompetenser som organisationen besitter som du tror kan visa sig vara extra värdefulla när insourcingen genomförs?

Tror du att ni kommer stöta på några utmaningar när det gäller organisationens kompetenser? Ge exempel på problem som du tror kan uppstå p.g.a. brist på kompetens när insourcing genomförs.
Appendix 3, Interview Guide - After insourcing

The purpose of this thesis is to investigate what challenges and opportunities organizations can expect from insourcing and the insourcing process and how these opportunities and challenges are connected to the company’s capabilities, meaning its resources and competences. This information can facilitate the management and the utilization of the organization's capabilities. In addition to that, it is necessary to gain more information regarding insourcing and the insourcing process in order to compare the different sourcing alternatives available in a truthful manner and make an informed sourcing decision.

Part 1 - Insourcing

What is your area of responsibility within the company?

Can you describe the activity that is now insourced?

Were other choices than insourcing considered? Did you e.g. consider a change of vendor instead of bringing the function in-house?

What did the process of moving from outsourcing to insourcing look like?
What steps were taken? Can you describe the individual parts?

Did you develop this insourcing process as a strategy to carry out the insourcing project or did it emerge as time went on?

Part 2 - Resources in the insourcing process

Physical resources (E.g. buildings, products, computer systems, databases, machines, raw materials and financial means)

Human resources (E.g. the people that are involved in the organization’s activities, e.g. customers, suppliers, partners, managers and employees)

Financial resources (E.g. the company’s cash flow, suppliers of funds and balance sheet)

What kinds of resources were necessary when executing the following phases in the insourcing process - planning, implementation, and control? Why?

Did you experience any opportunities in regards to the organization’s resources? Please provide examples of resources that the organization possess that proved to be extra valuable when insourcing.

Did you experience any challenges in relation to the organization’s resources? Please provide example of problems that occurred due to lack of resources when insourcing.

Part 3 - Competences in the insourcing process

Physical competences (E.g. productivity, marketing, efficiency, flexibility and optional ways to utilize the plant)
**Human competences** (E.g. how people gather and use experience, knowledge, skills, motivate others, innovate and build relationships)

**Financial competences** (E.g. creditors, debtors and the capacity to gather funds and handle cash flow)

What kinds of competences were necessary when executing the following phases in the insourcing process - planning, implementation, and control? Why?

Did you experience any opportunities in regards to the organization’s competences? Please provide examples of competences that the organization possess that proved to be extra valuable when insourcing.

Did you experience any challenges in relation to the organization’s competences? Please provide example of problems that occurred due to lack of competences when insourcing.

**Part 4 - Evaluation of insourcing**

What kind of opportunities did your company experience in relation to insourcing? Please provide examples.

What kind of challenges did your company experience in relation to insourcing? Please provide examples.

Do you believe that insourcing has been a good investment so far? Why?

Would you change or do something differently if you would go through the insourcing process again?
Appendix 4, Intervjuguide - Redovisningsbyrå

Syftet med detta arbete är att undersöka vilka utmaningar och möjligheter som insourcing och insourcingprocessen ger samt hur dessa möjligheter och utmaningar är kopplade till företagets förmågor/kapacitet, d.v.s. dess resurser och kompetenser. Denna information kan möjliggöra bättre hantering och utnyttjande av företagets förmågor/kapacitet. Utöver det, är det även nödvändigt att samla mer information kring insourcing och insourcingprocessen för att kunna jämföra de olika alternativen som finns på ett rättvist sätt och fatta ett välgrundat sourcing-beslut.

Del 1 - Insourcing

Vad är ditt ansvarsområde inom redovisningsbyrån?

Hur ser kontakten med företagen ut?

Vilken typ av aktiviteter har du utfört/utför du åt andra?

Vad har du för erfarenheter av insourcing?

Hur skulle du beskriva relationen med företaget där insourcingen skedde?

Vad hade företaget för anledning till att insourca?

Vilka möjligheter tror du att insourcing kan ge företaget? Ge exempel.

Vilka utmaningar tror du att insourcing kan ge företaget? Ge exempel.

Del 2 – Resurser i insourcingprocessen

Fysiska resurser (t.ex. byggnader, produkter, datamodeller, databaser, maskiner, råvaror och ekonomiska medel)

Mänskliga resurser (t.ex. personer som är involverade i organisationens verksamhet, såsom kunder, leverantörer, partners, chefer och anställda)

Finansiella resurser (t.ex. bolagets kassaflöde, balansräkning och investerare)

Vilka resurser tror du är nödvändiga för att kunna utföra aktiviteter själva?

Vilka utmaningar ställdes företaget inför när de valde att insourca vissa aktiviteter?

Varför tror du? Kan du härleda problemen till företagets resurser?

Del 3 - Kompetenser i insourcingprocessen

Fysiska kompetenser (t.ex. produktivitet, marknadsföring, effektivitet, flexibilitet och olika sätt att utnyttja anläggningen på)

Mänskliga kompetenser (t.ex. hur människor samlar och använder erfarenhet, kunskap och färdigheter, motiverar andra, kommer med nya idéer och bygger relationer)
Finansiella kompetenser (t.ex. borgenärer, gäldenärer och förmågan att skaffa finansiella medel samt hantera kassaflöde)

Vilka kompetenser tror du är nödvändiga för att företaget ska kunna utföra aktiviteterna själva?

Vilka utmaningar ställdes företaget inför när de valde att insourca vissa aktiviteter? Varför tror du? Kan du härleda problemen till företagets kompetenser?
Appendix 5, Intervjuguide - Administration

Syftet med detta arbete är att undersöka vilka utmaningar och möjligheter som insourcing och insourcingprocessen ger samt hur dessa möjligheter och utmaningar är kopplade till företagets förmågor/kapacitet, d.v.s. dess resurser och kompetenser. Denna information kan möjliggöra bättre hantering och utnyttjande av företagets förmågor/kapacitet. Utöver det, är det även nödvändigt att samla mer information kring insourcing och insourcingprocessen för att kunna jämföra de olika alternativ som finns på ett rättvist sätt och fatta ett välgrundat sourcing-beslut.

Del 1 - Insourcing

Vad är ditt ansvarsområde inom företaget?

Vilken typ av aktiviteter köper ni in av andra?

Hur ser kontakten med redovisningsbyrån ut?

Hur skulle du beskriva relationen med redovisningsbyrån?

Hur rapporteras deras arbete tillbaka till er?

Har ni upplevt att redovisningsföretaget gjort några fel som påverkat er verksamhet? Ge exempel.

Vad har du för erfarenheter av insourcing?

Hur tror du att övergångsprocessen från outsourcing till insourcing kommer att se ut?

Vilka möjligheter tror du att insourcing kan ge företaget? Ge exempel.

Vilka utmaningar tror du att insourcing kan ge företaget? Ge exempel.

Del 2 – Resurser i insourcingprocessen

**Fysiska resurser** (t.ex. byggnader, produkter, datsystem, databaser, maskiner, råvaror och ekonomiska medel)

**Mänskliga resurser** (t.ex. personer som är involverade i organisationens verksamhet, såsom kunder, leverantörer, partners, chefer och anställda)

**Finansiella resurser** (t.ex. bolagets kassaflöde, balansräkning och investerare)

Vilka resurser tror du är nödvändiga för att utföra följande faser i insourcingprocessen - planering, genomförande och uppföljning? Varför?

Kan du ge exempel på resurser som organisationen besitter som du tror kan visa sig vara extra värdefulla när insourcingen genomförs?
Tror du att ni kommer stöta på några utmaningar när det gäller organisationens resurser? Ge exempel på problem som du tror kan uppstå p.g.a. brist på resurser när insourcingen genomförs och vilka resurser det gäller.

**Del 3 - Kompetenser i insourcingprocessen**

**Fysiska kompetenser** (t.ex. produktivitet, marknadsföring, effektivitet, flexibilitet och olika sätt att utnyttja anläggningen på)

**Mänskliga kompetenser** (t.ex. hur människor samlar och använder erfarenhet, kunskap och färdigheter, motiverar andra, kommer med nya idéer och bygger relationer)

**Finansiella kompetenser** (t.ex. borgenärer, gäldenärer och förmågan att skaffa finansiella medel samt hantera kassaflöde)

Vilka kompetenser tror du är nödvändiga för att utföra följande faser i insourcingprocessen - planering, genomförande och uppföljning? Varför?

Kan du ge exempel på kompetenser som organisationen besitter som du tror kan visa sig vara extra värdefulla när insourcingen genomförs?

Tror du att ni kommer stöta på några utmaningar när det gäller organisationens kompetenser? Ge exempel på problem som du tror kan uppstå p.g.a. brist på kompetens när insourcing genomförs.