

# Backsourcing in the private and public sectors— A systematic review

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## Abstract

This article provides a systematic review of the literature on backsourcing. The aim is to synthesize existing literature in order to compare and analyze similarities and differences in backsourcing in the private and public sectors. The study asks questions about: which methods and theories have been used, why backsourcing has been implemented, and what reasons have been described for backsourcing. The study is based on an analysis of 500 articles about backsourcing and 33 articles in the final data set. The results show that backsourcing is primarily caused by: increased costs, lack of quality, and contract problems in the private sector, along with loss of control, cost saving, and changed strategy in the public sector. The study's synthesis highlights three explanations for how backsourcing is managed and interpreted in both the sectors. The article contributes specifically to summarizing current research on backsourcing, synthesizing how backsourcing has been studied, illustrating gaps in the research, as well as explaining relevant differences between private and public backsourcing.

## KEYWORDS

backsourcing, insourcing, new public management, private sector, public management, public sector

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## 1 | INTRODUCTION

Endeavors to deliver increased effectiveness and flexibility have led to outsourcing being used over a substantial period in both the private and the public sectors (Liang et al., 2016; Øivind Madsen, 2017; Bel & Gradus, 2018). Behind this development lies the classic dilemma for organizations within economic theory of what can be produced efficiently in-house and what should be procured from other organizations (i.e., outsourcing) (Coase, 1937). Even though the advantages of outsourcing have been emphasized previously (Lacity et al., 2016), studies also show that the expected benefits of outsourcing do not always arise (Bel et al., 2010; Young & Macinati, 2012). Outsourcing may lead to increased costs, reduced control, inferior transparency, and uneven quality (Bisman, 2008; Liang et al., 2016; Mederos, 2021). Earlier studies also highlight that outsourcing can lead to insufficient competition (Lacity et al., 2016), reduced trust (Lee & Kingsley, 2009), lock-in effects (Law, 2018), and increased transaction costs (Williamsson, 1979).

In order to manage problems that have occurred during outsourcing, procuring organizations regularly bring operations back in-house, a process known as *backsourcing* (Overby, 2005; Bhagwatwar et al. 2011; Moe et al., 2014; Clifton et al., 2021). Thakur-Wernz (2019) defines this phenomenon as follows: "... backsourcing occurs when a firm terminates its outsourcing contract before completion or does not renew the contract after completion and instead chooses to bring the activity back in-house" (pp. 42–43). Backsourcing occurs when an outsourcing contract is terminated (Veltri et al., 2008), which can take place voluntarily and in a planned fashion when the contract expires (Thakur-Wernz & Bruyaka, 2017; von Bary & Westner, 2018), or involuntarily and unplanned if it is terminated prematurely (Berlin et al., 2022).

Backsourcing has not been studied for as long as outsourcing, nor to the same extent and intensity (Young & Macinati, 2012; Oshri et al., 2019; Mederos, 2021). In particular, there is a lack of studies of backsourcing in the public sector (Berlin et al., 2022; Carlström et al., 2023; Lu & Hung, 2021). This is unfortunate as, in line with the public sector assimilating management models from the private sector, both out- and backsourcing have become an important component in public management (Von Bary & Wester, 2018). On the one hand, both outsourcing and backsourcing are closely linked to a market economy strategy, it might be reasonable to assume that backsourcing in the public sector is driven by an equivalent logic (Damanpour et al., 2020). On the other hand, there is also reason to believe that the conditions for sourcing and procurement in the public sector differ when it comes to objectives, procedures, and regulation (Pollitt & Bouckaert, 2011).

Unfortunately, previous studies do not provide a systematic review of similarities and differences between backsourcing in the private and public sectors. In the emerging field of backsourcing research, it has normally been a case of studying either the private or the public sector. We have not been able to identify any previous studies on backsourcing which examined both the private and public sectors or that were focused on comparing the sectors. There is a research gap here to which this study intends to contribute.

Overall, previous research on backsourcing can be described as multifaceted and diffuse. In the private sector, studies have primarily studied backsourcing in information technology (IT) (Von Bary & Wester, 2018) and the manufacturing industry (Thakur-Wernz, 2019), while the focus in relation to the public sector has been on healthcare (Young & Macinati, 2012) and care of the elderly (Berlin et al., 2022). Previous review studies of backsourcing have mainly addressed the private sector (Von Bary & Wester, 2018; Molléri et al., 2021). One exception is a review study that was conducted of the phenomenon of "contracting back-in" in the public sector (Lu & Hung, 2021). However, none of these previous review studies have compared the private and public sectors systematically.

Comparing sectors enables us to obtain increased knowledge of backsourcing. Systematization is urgently required as research into backsourcing has increased in recent years (Lu & Hung, 2021). It is therefore relevant to ask: Which methods have been used to study backsourcing? What methodological differences are there between the private and the public sector in respect to how backsourcing has been studied? This knowledge is important in order to advance knowledge and information transfer, method use as well as theoretical and practical knowledge development (Molléri et al., 2021). Comparisons are significant as the sectors are influenced by, dependent on and derive benefit from each

other. Moreover, the public sector has been imitating the private sector for a considerable time (Lapsley, 2009; Clifton et al., 2021). Comparison between the sectors is therefore timely and would enable fresh knowledge. This study consequently will compare and analyze backsourcing in the private and public sectors. Any similarities and differences between the sectors make analysis of how and why important.

The public sector has, without much reflexion, been imitating the private sector for a considerable time (Lapsley, 2009; Clifton et al., 2021) and more studies comparing backsourcing in private and public sectors are needed in order to advance knowledge and information transfer, method use as well as theoretical and practical knowledge development (Molléri et al., 2021). Comparisons are also significant as the sectors are influenced by, dependent on and derive benefit from each other.

The overall aim of this study is to synthesize existing literature and compare similarities and differences in connection with backsourcing in the private and public sectors. Systematizing the knowledge pertaining to backsourcing, with the focus on which methods and theories have previously been used, will enable us to identify how backsourcing has previously been studied. We will describe what is typical for the research field, which research traditions have been developed, which knowledge has been accumulated and which knowledge gap needs to be plugged in order to increase our understanding of backsourcing.

The study is arranged as follows. The forthcoming sections describe the study's background, differences between the private and public sectors, the study's framing, as well as method and findings. The study's findings are subsequently analyzed and discussed in respect of similarities and differences, the study's contribution, conclusion, and continued research.

## 2 | BACKGROUND

### 2.1 | Backsourcing—private sector

Decisions on sourcing in the private sector are based on customer demand for goods and services (Liang et al., 2016). Companies have been using outsourcing for a considerable period to regulate changes such as changed demand, increased competition, changed quality requirements, changed legislation, new technology, and digital development (Bel & Gradus, 2018). However, if the contractor is not able to fulfil the contract, a situation arises where the contractor needs to be replaced or the operation taken back in-house (Hartman et al., 2017). The problem is finding a new contractor or building up in-house production at short notice, as it requires planning, establishment, adaptation, and commissioning, a process that can be costly and time consuming (Von Bary & Wester, 2018). The more specific a good or a service is, the harder it can be to replace, which can lead to various lock-in effects (Law, 2018). It can lead to a situation where the procurer finds it difficult to act, despite needing to. Sourcing in the private sector is largely governed by market mechanisms, where terms such as supply, demand and competition are central (Molléri et al., 2021). Degree of trust, availability and capacity are also significant in connection with backsourcing. It is therefore important to investigate previous literature in order to ascertain which motives are described with regard to backsourcing in the private and public sectors. When public operations are run by private companies, the difficulty lies in determining what preparedness might be needed to enable the operation to be brought back in-house at short notice (Liang et al., 2016). It is consequently relevant to examine what, and the extent to which, backsourcing has been studied in previous literature.

### 2.2 | Backsourcing—public sector

In line with the introduction of liberal reforms, in recent decades the public sector has introduced market-like management (which is described under the term new public management [NPM]) (Hood, 1991; Funck & Karlsson, 2020). One

of the activities encompassed by NPM is that the public sector tries to create situations that are like the private sector (so-called quasi-markets) (Lapsley, 2009; the Vries & Nemec, 2013). This has entailed the purchase of a large proportion of public services from external contractors through public procurement. Refugee accommodation, healthcare, education, public transport, and care of the elderly have entailed public organizations ordering services from private companies.

However, in distinction from the private sector, the public sector has a greater responsibility (Pollitt & Bouckaert, 2011). This applies not least to operations within vital, socially important activities that cannot be dispensed with. Many public operations are active round the clock, 7 days a week, and are crucial for people's health and the functioning of society. Public procurers have a responsibility to maintain their activities, even if the contractor cannot run them any more (Bel et al., 2010). If a company is not able to deliver as contracted, the public procurer can find itself in a difficult situation. The public procurer may then involuntarily need to take the operation back and run it in-house (Berlin et al., 2022; Carlström et al., 2023). In the private sector, there is always a choice to shut down an outsourced activity that is not functioning if back-sourcing is perceived as unrealistic or too expensive. In the public sector, on the other hand, closure is not an option.

### 2.3 | Why compare the private and public sectors?

We would like to point out at this juncture that there are a number of fundamental differences between sourcing in the private and public sectors. These include financing, regulation, and control. A major distinction is normally made between private and public operations. Private operations are principally run by profit-driven companies, where profit is often the priority, while public operations are provided by society and entail maximizing the service concerned. In the private sector, financial considerations carry a lot of weight when decisions have to be taken on where production will be located or even whether it will continue. Public operations differ as they are controlled by politicians and funded through tax revenues. The operation must benefit a wide range of groups and provide a high level of availability. This means that back-sourcing is executed under different conditions in the private and public sectors. In this study, we would therefore like to particularly focus on the motives behind the decisions. Do the same motives lie behind the action in both the sectors or are there—as there is reason to assume—completely different factors that constitute the basis for back-sourcing in the public sector?

Moreover, if the public sector adopts management models from the private sector, is there a major risk of the differences being underestimated and theoretical models from the private sector being applied to the public sector, where they are not appropriate. There is reason to assume that this issue can influence previous research into back-sourcing as it is likely that the public sector has been analyzed with established theories that are based on the conditions that prevail in the private sector. There is therefore reason to assume that certain points of departure, conditions, and premisses have been overlooked. This review study therefore examines which theoretical frames of reference have been used in the private and public sectors.

### 2.4 | Research questions and the study's framing

The following research questions have been formulated based on the study's overall aim and background description:

1. What methods and theories have been used to study back-sourcing?
2. What motives for back-sourcing have been described in previous literature?
3. What does the literature reveal concerning challenges in implementing back-sourcing?

Based on the overall aim and the three research questions, we intend to frame the study and highlight three points of departure, thereby describing the study's rationale.

*First*, it entails ascertaining what has been neglected in the findings in an overall perspective. This is of particular interest as the literature on back-sourcing has been more common in the last 5 years. However, there are still no review studies comparing experiences of back-sourcing between the private and public sectors. Comparisons are important as they highlight the respects in which knowledge is transformed between sectors, or not as the case may be. This knowledge is timely, as previous studies indicate that experiences from the private sector (Law, 2018; von Bary et al., 2019) cannot simply be transferred to the public sector. This is because operations are more limited, specified, and resistant to changes (Pollitt & Bouckhaert, 2011). Conversely, there are good reasons to assume that experiences from the public sector cannot simply be translated to the private sector.

*Second*, it entails describing how back-sourcing is managed in different sectors. This is important as, as previously stated, back-sourcing is managed differently, comprises large sums, concerns socially important activities and has a major impact on the service level. It is important that this type of knowledge is systematized. Further, back-sourcing has traditionally been described as a relatively unproblematic process, entailing a frictionless movement from A to B (von Bary & Westner, 2018, p. 69; Warner & Hefetz, 2012, p. 318). Our starting point in this study is that back-sourcing is a complicated and multifaceted process that needs to be studied in greater depth. Of particular relevance is whether, and if so how, the implementation of back-sourcing differs in this respect by taking into account the findings of studies from *both* the private and public sectors. Any shortage of literature within a sector can indicate that back-sourcing is being taken for granted and regarded as a natural part of outsourcing, instead of studied as an individual phenomenon. The lack of studies can also be a result of the fact that back-sourcing is linked with a sense of failure and stigmatization as it involves a return to a previous state. This can make it more difficult for researchers to gain access to relevant data.

*Third*, it entails the fact that back-sourcing has previously been assumed to be a reverse phenomenon to outsourcing. Instead, the starting point for this study is that back-sourcing is not a completely reversible process, rather that it also includes other complex elements. Based on these three perspectives, we can find out more about how back-sourcing differs between the private and the public sectors.

## 3 | METHOD

### 3.1 | Systematic review

In achieving the study's overall aim and answering the study's questions, we utilize a systematic analysis through an analytical review schedule, which is used to review the literature within a certain area. The review process is based on a reproducible procedure (Tranfield et al., 2003). In conducting the review, we divided the review process into the three parts; data collection, analysis, and synthesis (Crossan and Apaydin, 2010). The synthesis is important as it constitutes an important part of the study's contribution.

The data collection has entailed systematically searching, identifying and reviewing relevant research literature. The search was restricted to peer reviewed journals, as they have validated knowledge and can be assumed to have a relevant impact on the area (Podsakoff et al., 2005). The year 2000 was used as base line for the search. The reason that 2000 was selected as base line was that back-sourcing can be viewed as an effect of outsourcing and market-like control that became a more common phenomenon within both the private and public sectors during the 1980s and 1990s. This was confirmed by our searches, which included wider time series, producing low numbers of hits. In addition to this, older studies were judged to be less relevant. Having the year 2000 as base line was therefore deemed to be a reasonable balance. The search was limited to peer reviewed articles in English from scientific journals in the period 2000–2020. The articles published in "early view" during 2020, some of which were entered in an issue during 2021, have been included. The search used various search terms, with the search then gradually delimited in a number of steps. The search terms that were considered were; *Backsourcing*, *Backshoring*, *Reshoring*, *Relocation*, and *Insourcing*.

After testing the search terms, *Backsourcing* and *Insourcing* were judged to be closest to achieve the study's aim and answer the research questions. The search terms selected were truncated. The search words used in the study were: *backsourc\** or *insourc\**. Using (\*) included all combinations in the word's final element. The search was conducted in four databases for scientific journals. They were: Business Source Premier, Academic Search Elite, Scopus, Web of Science (see Table 1). We chose these four databases as they are the most comprehensive within social studies and give researchers access to full text articles within the fields examined. The results of the searches are displayed in Table 1.

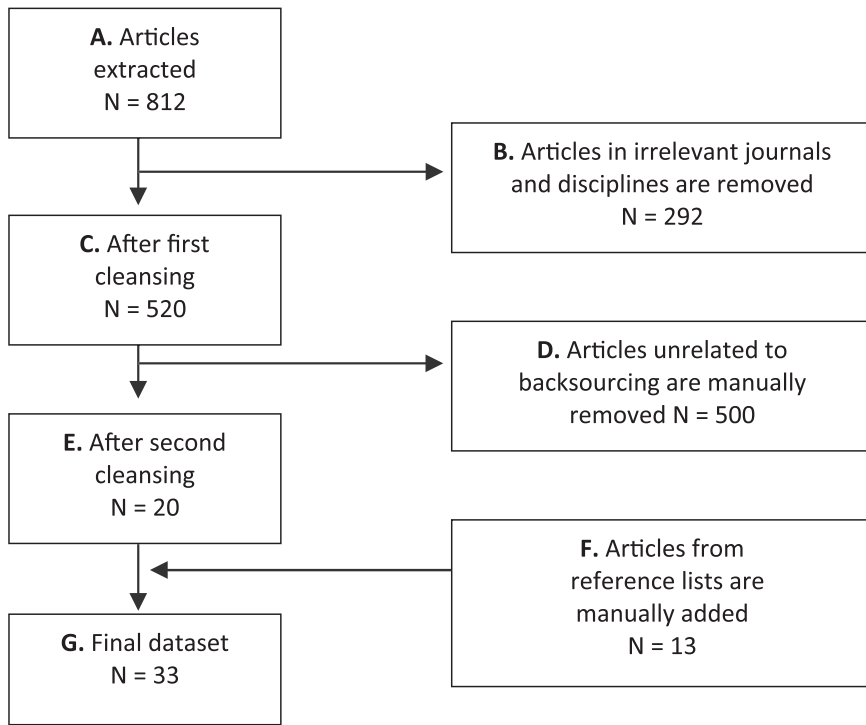
**TABLE 1** Description of databases, results, and search words

Database	Results	Relevant	Search words:
Business Source Premier (EBSCO)	191	13	backsourc* or insourc*
Academic Search Elite (EBSCO)	68	4	
Scopus	322	11	<b>Filters:</b>
Web of Science	231	5	Year of publication: 2000–2020 Document: Article + Review Language: English Type of publication: Academic Journal Article: Peer reviewed
Total:	812	33	

### 3.1.1 | Results of literature search

The search in the four databases resulted in 812 articles. After an initial sorting to find duplicates and irrelevant articles, it was possible to remove 292 articles. A review was subsequently conducted where the research group read the articles' title, summary and key words. The review resulted in the removal of 500 articles that were not related to backsourcing, leaving 20 articles. After careful consideration (the study's quality, focus and use of the term), the articles that were omitted were judged not to meet the study's inclusion criteria. It might, for example, concern the fact that: publication was in a journal that did not apply peer review, it was published as an original scientific article, the term backsourcing or insourcing was mentioned in passing as an example, and also that on closer reading, the study did not concern the topic covered by this review. A review was subsequently conducted of the selected articles' lists of references, with a search backward and forward, and an author search which enabled us to identify another 13 relevant publications (cf. Webster & Watson, 2002). Thirty-three articles remained, which constitute the study's total database. An overview of the different search results is displayed in Figure 1.

In order to proceed systematically, we have utilized relevant parts of the PRISMA check-list for the review (Moher et al., 2009). The 33 articles were reviewed in a first step based on a number of basic details including: journal, empirical data, country for data collection, private/public sector, and peer review. The second step reviewed year of publication, theory, method, and findings. We have thus been able to synthesize and categorize important elements of the studies based on this study's aim and research questions. The inclusion criteria used were that the articles should be written in English, published in an academic journal, published as a scientific or review article, listed in the research databases specified (see Table 1), peer review applied, published 2000–2020, contain the terms *backsourc\** or *insourc\** with truncation. Even though we utilized a systematic method, certain limitations arose. A first limitation is that we only processed studies written in English. The second is that the articles' data are largely derived from Europe, North America, and Asia, which means that experiences from other parts of the world have not been processed. The third is that even though our ambition has been to have as exhaustive a search as possible, there is nevertheless a risk of minor details not being included, even though we have worked systematically and conducted a thorough process. Nor was



**FIGURE 1** Description of the search process.

it judged to affect the study's overall result. Our ambition has been to use a systematic search to capture the central experiences of backsourcing during the period selected. Aside from the limitations, we would like to emphasize that the study provides a relevant overview of the published literature.

### 3.2 | Review of the articles

In common with Von Bary & Wester (2018), the review of this study's articles shows that backsourcing has increased in extent in the last 10 years (see Table 2a). The increase can be viewed as a sign that outsourcing has been applied over a substantial period and that backsourcing constitutes a natural consequence of certain operations being brought back in house. The articles were sorted on the basis of whether they processed data from the private or the public sectors. For example, an article that dealt with backsourcing of privately financed IT services within a computer company was judged to belong to the private sector. An article that concerned publicly financed health and medical care was judged to belong to the public sector. Only in one case was there any doubt. This was resolved in that several of the authors, independently of each other, read and assessed the article's affiliation. In cases where the study was based on secondary data (e.g., review study), an assessment was made based on the study's introductory description or concluding discussion of whether it was deemed to be principally targeted at the private or the public sector. The study shows that data from private operations are the most common. 70% of the study's articles (23) have been compiled with empirical evidence from private organizations, 30% (10) with empirical evidence from public organizations. Data have been obtained from the IT sector (see Overby, 2005; McLaughlin & Peppard, 2006; Whitten & Leidner, 2006; Veltri et al., 2008; Bhagwatar et al., 2011; Petalidis, 2018; Von Bary & Wester, 2018), as well as from the manufacturing industry, services, health and medical care, water supply, cleaning, and public transport (Kotlarsky & Bogнар,

**TABLE 2** a Basic information—Sorted according to year—Total of 33 articles

Number	Author year	Journal	Context	Empirical	Location of study	Sector	Peer reviewed
1.	Damanpour, Magelssen, Walker (2020)	Public Management Review	Services in seven areas	Yes	USA	Public	Yes
2.	Jansson, Carlström, Karlsson, Berlin (2020) (publ 2021)	Financial Accountability & Management	Municipalities back-sourcing	Yes	Sweden	Public	Yes
3.	Young, Nguyen, Macinatti (2020) (publ 2021)	Australian Journal of Public Administration	Contractual governance	Yes	Australia	Public	Yes
4.	Aspir, Gafni, Gordoni (2019)	Israel Affairs	IT Company	Yes	Israel	Private	Yes
5.	Shakirova (2019)	Public Performance & Management Review	Local government services	Yes	USA	Public	Yes
6.	Thakur-Wernz (2019)	Journal of Global Operations and Strategic Sourcing	Conceptual paper	No	Info not available	Private	Yes
7.	Von Bary, Westner, Strahinger (2019)	Journal of Information Technology Management	IT Company	Yes	Germany	Private	Yes
8.	Oshri et al. (2019)	Journal of Business Research	Company	Yes	UK, USA	Private	Yes
9.	McDonald (2018)	Geoforum	Water company	Yes	Review study	Public	Yes
10.	Ejodame and Oshri (2018)	Journal of Information Technology	Company	Yes	Mixed	Private	Yes

(Continues)



TABLE 2 (Continued)

Number	Author year	Journal	Context	Empirical	Location of study	Sector	Peer reviewed
11.	Law (2018)	European Management Journal	IT Company	Yes	Info not available	Private	Yes
12.	Petalidis (2018)	Journal of Information Technology Teaching Cases	IT	Yes	Greek	Public	Yes
13.	Wang et al. (2018)	Urban Policy and Research	Bus/Transport	Yes	China	Public	Yes
14.	Von Bary and Westner (2018)	Journal of Information Technology Management	IT Company	No	Review	Private	Yes
15.	Von Bary, Westner, Strahinger (2018)	International Journal of Information Systems and Project Management	IT Company	No	Review	Private	Yes
16.	Hartman, Ogden, Hazen (2017)	International Journal of Physical Distribution & Logistics Management	Company	Yes	USA	Private	Yes
17.	Foerstl, Kirchoff, Bals (2016)	International Journal of Physical Distribution & Logistics Management	Conceptual paper (company)	No	Info not available	Private	Yes
18.	Nagpal (2015)	Journal of Management Information and Decision Sciences	Company	No	Review	Private	Yes
19.	Solli-Saether, Gottschalk (2015)	Journal of Computer Information Systems	Company	No	Review	Private	Yes
20.	Cabral, Quelin, Maia (2014)	Long Range Planning	Metallurgy	Yes	Latin America	Private	Yes
21.	Benaroch, Webster and Kazaz (2012)	European Journal of Operational research	IT	No	Info not available	Private	Yes

(Continues)

TABLE 2 (Continued)

Number	Author year	Journal	Context	Empirical	Location of study	Sector	Peer reviewed
22.	Freytag, Clarke, Ewald (2012)	European Management Journal	Company	Yes	Denmark	Private	Yes
23.	Kotlarsky, Bognar (2012)	Journal of Information Technology Teaching Cases	Media	Yes	Europe	Private	Yes
24.	Warner, Hefetz (2012)	Journal of the American Planning Association	Local government services	Yes	USA	Public	Yes
25.	Young, Macinati (2012)	Public Management Review	Healthcare	Yes	Italy and Australia	Public	Yes
26.	Bhagwatwar et al. (2011)	Information Systems Management	IT	Yes	USA, UK	Private	Yes
27.	Benaroch, Dai, Kauffman (2010)	Journal of Management Information Systems	IT	No	Mixed	Private	Yes
28.	Whitten, Chakrabarty, Wakefield (2010)	Information & Management	IT	Yes	USA	Private	Yes
29.	Veltri, Saunders, Kavan (2008)	California Management Review	Company	Yes	Mixed	Private	Yes
30.	Wong and Jaya (2008)	Communications of the IBIMA	IT	Yes	Mixed	Private	Yes
31.	Tadelis (2007)	California Management Review	Company	No	USA	Private	Yes
32.	Whitten, Leidner (2006)	Decision Sciences	IT	Yes	USA	Private	Yes
33.	Hefetz, Warner (2004)	Journal of Public Administration Research and Theory	Local government services	Yes	USA	Public	Yes

2012; Young & Macinati, 2012; McDonald, 2018; Wang et al., 2018). The articles were written within a range of scientific disciplines, including business economics, systems science, political science, logistics, management, and public administration. The studies were published in a large range of scientific journals. The journals can be divided overall into two categories; (1) “management journals” (for example, California Management Review, European Management Journal, Health Care Management Review, and Public Management Review) and (2) “IT journals” (for example, Journal of Information Technology Teaching Cases, Journal of Information Technology Management, and Journal of Computer Information Systems). Studies have been conducted within both the private and public sectors within both categories. The articles comprise theoretical overviews, conceptual studies, reviews, and empirical studies. Three in four studies are based on empirical data, with the rest comprising conceptual studies. The studies’ data material was collected in the USA, UK, Germany, Denmark, Greek, Italy, China, and Australia. The five most cited and influential articles derive from the private sector: Whitten & Leider (2006), Tadelis (2007), Whitten et al. (2010), Veltri et al. (2008) and Freytag et al. (2012). The research groups that frequently published studies of back-sourcing have studied health and medical care with data from Italy and Australia (Macinati & Young, 2009; Macinati et al., 2009; Young & Macinati, 2012). Insourcing and outsourcing in the public sector with data from the USA (Hefetz & Warner, 2004; Warner & Hefetz, 2012) and financial economics with numerical simulation (Benaroch et al., 2010; Benaroch et al., 2012). For an overview of all articles in this review see Table 2a, which is provided in more depth in Table 2b in appendix.

### 3.3 | Analysis of the articles

The study’s articles were sorted and analyzed in different steps. A first step was to sort the articles based on the study’s inclusion criteria. The study’s 33 articles were initially sorted into the two categories of private and public sector. Our criterion was based on the study’s data. In cases where the articles reviewed had no empirical data, an overall assessment was made of the type of sector at which the article was primarily targeted. In the analysis, we have subsequently selected to sort the results based on internal and external reasons for back-sourcing (Veltri et al., 2008). The internal reasons can be described as the processes that take place internally in the procuring organization and that are significant for how and why back-sourcing is performed. For example, it might entail changes to internal strategies or managerial practice/leadership. The external reasons can be described as those that take place outside the procuring organization and have significance for how and why back-sourcing is implemented. External reasons can comprise the impact of the surrounding environment, for example, the level of tender prices or problems with deliveries from the contractor. The division, between internal and external, gives us relevant tools to understand the reasons for back-sourcing based on two perspectives. We have systematically read and reviewed the articles and then inductively found different patterns in the material. These patterns concern important starting points for the *synthesis* that contributes to understanding and explaining back-sourcing and its conditions.

### 3.4 | The study’s limitations

It should be stated that, in common with other review studies, the study has certain limitations. Some uncertainty factors are constituted by the fact that the findings have been published in a wide spectrum of scientific journals, within different scientific disciplines, as well as the fact that a number of methods and theories have been used. In turn, this has significance for the degree to which the studies can contribute to more in-depth and cumulative research on back-sourcing. On the other hand, the broad approach taken in the studies reviewed means that the phenomenon addressed is represented in a number of contexts.

Search words can also be a limiting factor. We have carefully considered the search words for this study in order to ensure that the aim is fulfilled as effectively as possible. Another limitation, which is significant for review studies, is that we can only draw conclusions on what previous studies have highlighted about back-sourcing, we cannot draw

**TABLE 3** Methods for studies of backsourcing in the private and public sectors (percent)

Method	Proportion in total (%)	Private sector (%)	Public sector (%)	Diff pub-priv
Document	25	32	10	-22
Interviews	19	16	25	+9
Case study	17	16	20	+4
Conceptual/simulation	13	18	0	-18
Questionnaire	11	5	25	+20
Review	8	11	0	-11
Register data	6	0	20	+20
Panel data	2	2	0	-2
Observations	0	0	0	+/-
Total	100	100	100	
N (number of methods identified)	64	44	20	

Note: that an article can use several methods, N is therefore greater than the number of articles.

general conclusions on the phenomenon's propensity per se. However, through describing, categorizing and analyzing existing research on backsourcing, the field can be described and relevant research questions formulated, producing an important accumulation of knowledge.

## 4 | FINDINGS

### 4.1 | Which methods have been used to study backsourcing?

Our review shows that backsourcing has been studied using a number of methods, including: longitudinal studies (Damanpour et al., 2020), national survey on backsourcing in municipalities (Jansson et al., 2021), Web Survey of 1192 representatives (Oshri et al., 2019), case study of an American municipality (Shakirova, 2019), conceptual study with development of four forms of backsourcing (Thakur-Wernz, 2019), study of 251 global IT experts regarding their experience of backsourcing (Von Bary et al., 2019), survey of 267 frontline workers in social welfare (Yang et al, 2019), case study with semi-structured interviews with participants from four projects (Law, 2018), and a review of backsourcing based on 31 scientific articles and 20 interviews of experts at IT companies (Von Bary et al., 2018). Backsourcing in the private sector has primarily been studied through document studies, interviews, and conceptual/simulation. Backsourcing in the public sector has primarily been studied through questionnaires, interviews, register data, and documents (e.g., checklists, decisions, agreements, and annual reports). Several studies have been conducted in the form of case studies. A similarity between private and public backsourcing is that observations are unusual as data collection method, while interviews and case studies have frequently been used. A difference between studies of private and public backsourcing is that documents are used more frequently in studies of private backsourcing, while questionnaires have been used more frequently for studies of public backsourcing. An explanation for this might be that it is difficult to collect data from companies within areas that can be construed as sensitive. Within the respective sectors there are different cultures that give researchers access to data. In public organizations, there can be a culture that is more amenable to openness and that makes it easier for researchers to gain access to data to be able to conduct a study. Based on the data, we can obtain indicators that can be used in future studies. For an overview of which methods have been used in previous studies, see Table 3, as well as appendices Tables 4b and 4c.

This study shows that the studies reviewed were published in a wide range of scientific journals. Various collection methods have been used in the articles to collect data on back sourcing in the private and public sectors. Several studies are targeted at why companies (within a specific sector) implement back sourcing (Von Bary & Wester, 2018). The review of the studies shows that the most common data collection method is case studies, where data are collected by means of interviews and documents (McDonald, 2018; Petalidis, 2018; Hartman et al., 2017). The cases consist of one or a number of companies or public organizations that are studied individually or compared with others. Studies of back sourcing in the private sector have comprised questionnaires aimed at senior managers, IT managers, and key informants (Overby, 2005; McLaughlin, 2006; Nagpal, 2015). The questions concern their attitude toward back sourcing in different contexts (Whitten & Leider, 2006; Veltri et al., 2008; Whitten et al., 2010). In the majority of cases, the survey was conducted on one occasion. There are also quantitative studies with a comparative approach that are repeated on several occasions (Warner & Hefetz, 2012). The response frequency of the studies has been 16–46%, which is a relatively low level (Hefetz & Warner, 2004; Macinati & Young, 2009; Whitten et al., 2010).

## 4.2 | What theories have been used to study back sourcing?

The reviewed articles have used various theoretical frames of reference to analyze the studies' data. The theories used frequently in the articles are: transaction cost theory, agency theory, contract theory, decision making theory, behavioral theory, life cycle theory, social exchange theory, resource-based theory, public choice theory, public interest theory, sourcing strategies, and organization learning theory. Overall, it is social science theories that describe, anticipate, and explain different groups' patterns of behavior. The theories are used to explain, discuss, and analyze data. "Transaction cost theory" and "Agency theory" are the two theories used most frequently. In a 10-year-old article, Young and Macinati (2012, p. 777) have made a compilation of reasons for back sourcing. Transaction cost theory and agency theory can explain that there are higher costs than expected in connection with back sourcing, that there is inferior service and also that it is difficult to consider and assess which transaction costs (for example for coordination, organization, and planning) can arise in different parts of the back sourcing process. These presumptive costs need to be included when an organization, private or public, is facing decisions concerning back sourcing (Williamsson, 1979; Eisenhardt, 1989).

The studies of back sourcing that have been conducted within the public sector display: the significance of the relationships and the circumstances behind the back sourcing decision (Shakirova, 2019), relevant information transfer (Petalidis, 2018), the institutional environment's significance (Wang et al., 2018), lack of control and staffing (Young & Macinati, 2012), poor quality (Young, 2008), and external pressure on changes (Veltri et al., 2008). In distinction from studies within the private sector, studies from the public sector highlight the significance of the quality of the service, the trust between procurer/contractor, the degree of stability, and communication during ongoing contracts. Within the private sector, emphasis is instead placed on the dependency of subcontractors and the goods' quality and stability of supply as important parameters (see Cabral et al., 2014; Freytag et al., 2012; Benaroch et al., 2010). The importance of procurer/purchaser needing to develop a preparedness that reduces the dependence and facilitates any back sourcing is also addressed here (Nujen et al., 2019). How knowledge is to be brought back in-house and how problems with different knowledge asymmetries are to be managed in connection with back sourcing are also highlighted as significant (Ejodame & Oshri, 2018). In order to manage difficulties that arise, continuous evaluations of prevailing conditions are emphasized (Hartman et al., 2017).

The two terms, outsourcing and back sourcing, are used in several studies as the extremes of a continuum. In that perspective, back sourcing can be viewed as a failure or a natural part of a circular course of events which produces different points of departure in connection with an analysis (Young & Macinati, 2012, pp. 773–75; Ejodame and Oshri, 2016; p. 137–38; Freytag et al., 2012 pp. 105–106). An ongoing discussion is conducted in the literature regarding the degree to which the terms outsourcing and back sourcing are reversible (Nagpal et al., 2005, p. 57), what is included in back sourcing as a term (Law, 2018), and how back sourcing can be distinguished from other synonymous terms, for

**TABLE 4A** Theories in studies of backsourcing in the private and public sectors (percent)

Theory	Total (%)	Private sector (%)	Public sector (%)	Diff pub-priv
Backsourcing/insourcing	23	26	18	-8
Outsourcing	21	23	18	-5
Market theory	18	21	14	-7
Contract theory/agreement theory	9	7	12	+5
Transaction cost theory	9	9	10	+1
Knowledge/competence/exchange theory	3	5	0	-5
Agent/principal theory	3	2	4	+2
Political ideological theory	3	1	6	+5
Decision theory	2	2	2	+/-
Institutional theory	2	0	6	+6
Relationship/network theory	2	1	2	+1
Implementation theory	2	1	2	+1
Public choice theory	1	0	2	+2
Development/innovation theory	1	0	2	+2
Total	100	100	100	
N (Number of theories identified)	130	81	49	

Note: that an article can use several theories, N is therefore greater than the number of articles.

example, backshoring, reshoring, relocating, insourcing, back-in-house, bringing services back in (Von Bary & Westner, 2018, p. 66). For an overview of which theories have been used in previous studies, see Table 4a, as well as Tables 4b and 4c in appendix.

### 4.3 | What motives for backsourcing are described in previous literature?

In common with previous research, the description of reasons for backsourcing has been divided into internal and external (Veltri et al., 2008). A reason is described here as an event or an action that gives rise to another event or action. Internal reasons comprise, for example, changed internal strategy, new technology, or changed managerial practice/leadership. External reasons comprise, for example, low tender price, lack of quality, or delivery problems. The division into internal and external gives us relevant tools to sort and categorize reasons for backsourcing, providing a relevant starting point to categorize the phenomenon studied.

#### 4.3.1 | Internal reasons

It is suggested that outsourcing makes it possible to rapidly adjust, rectify, and adapt so that new requirements, new technology or changed conditions can be simply catered for (Ejodame & Oshri, 2016). In the literature reviewed, *loss of control* or *weak control* is described as a reason for backsourcing. Control entails the procurer not being able to closely monitor the everyday operation when it is outsourced. Backsourcing entails taking or handing back operations where the aim can be to obtain better everyday insight into the operation (Young & Macinati, 2012; Aspir et al., 2019). Ultimately, the difficulties are based on the fact that knowledge asymmetries arise between procurer and contractor. The contractor obtains an information advantage in relation to the procurer (Eisenhardt, 1989). This impedes opportuni-

ties for insight. Studies from the private sector emphasize control as *costly* and that it is difficult for the procurer to access detailed information (Hartman et al., 2017). Control takes time and is hard to exercise. In public operations, there might be political reasons for public procurers not drawing attention to contractors' shortcomings, due to a fear that the public will hold politicians rather than contractors responsible for failures. It can consequently take longer before defects are reported and detected. Another aggravating circumstance is that back-sourcing is not "reverse" outsourcing (Ejodame & Oshri, 2018). The procurer is often placed in a difficult situation, which demonstrates the need for a detailed contract with defined sanctions between the parties (Ejodame & Oshri, 2018). As public operations are often *difficult to control*, it entails being specific in the contract and developing good relations with the opposite party (Young & Macinati, 2012). This includes implementing regular checks, avoiding imprecise formulations, and setting penalty fees in order to proactively avoid deviations (Young et al., 2020). The difficulty in gaining access to internal information makes control difficult, which can lead to low quality (Hartman et al., 2017). At the same time, the controller is dependent on maintaining a good relationship with the procurer. As control is costly, the checks need to be designed in such a way that they are not too intensive and demanding, which can lead to reduced profit (Law, 2018). Backsourcing enables the procurer to regain control and establish everyday contact with the customers/users (Veltri, et al., 2008). The difficulty in exercising control makes it relevant to ask which parts of the procuring organization are strategically important to retain in-house—before outsourcing commences (Aspir et al., 2019). We see examples of loss of control in connection with studies of, for example: private waterworks (MacDonald, 2018), IT systems (Von Bary et al., 2019), banking, pharmaceuticals, insurance (Ejodame & Oshri, 2016), as well as manufacturing of plastic and metal components (Freytag et al., 2012).

#### *Reasons for backsourcing*

One reason for backsourcing lies in the fact that the *cost saving* that should take place with outsourcing has not been delivered (Tadelis, 2007, pp. 265–66). Furthermore, the conditions can be improved, or be the same, when the manufacturing is performed in-house (Kotlarsky & Bognar, 2012). However, as both revenues and costs can be calculated in different ways, a central issue is which points of comparison are used (Bhagwatwar, 2011). Depending on what is included in the calculations, the procurer can draw different conclusions (Thakur-Wernz, 2019). Another reason is that the procurer *changes strategy*, which means that what was previously done externally is now taken back in-house (Aspir et al., 2019, p. 539). A changed strategy can lead to the procuring organization replacing the board of directors, appointing a new management, or replacing executives. This in turn leads to changes (Hartman et al., 2017; Foerstl et al., 2016). Changes are not always based on rational behavior and real needs. Instead, it can entail creating credibility and legitimacy (Meyer & Rowan, 1977). Or that managers in both private and public organizations are inclined to follow the "organizational fashion" and imitate in order to achieve success (DiMaggio & Powell, 1983). Outsourcing has previously been described on the basis of both these explanations (Abdulrahman et al., 2020), providing symbolic explanations for change (DiMaggio & Powell, 1983). The transition from outsourcing to backsourcing is then described as comprising a change in fashion or increased legitimacy (Abdulrahman et al., 2020). A fourth reason concerns the fact that the procurer experiences a *loss of knowledge* when external organizations take over manufacturing. The procurer loses knowledge, making quality control and development more difficult (Aspir et al., 2019; Von Bary et al., 2019). Limited in-house expert knowledge makes it difficult to keep up with knowledge development and develop the procuring organization's products and services (Bhagwatwar et al. 2011). In the literature, this is described in the sense that outsourcing organizations are able to continue to integrate knowledge in their organization, in order to reduce their dependence on contractors (Ejodame & Oshri, 2018, p. 138). The fact that outsourcing can lead to internal knowledge diminishing is a classic difficulty, which can produce various adverse effects (Law, 2018). A fifth reason mentioned is that the procurer develops an *expectation gap* between what it expects will take place and what actually takes place (MacDonald, 2018). This can lead to distrust, uncertainty and suspicion. The procurer then ends up in a situation where the operation needs to be brought back in-house (Wang et al., 2018). A sixth reason concerns changed technology (Kotlarsky et al., 2012). Technological developments are moving fast, making some production superfluous (Freytag et al., 2012). Technological developments mean that recurrent optimization and development need to take

place. Seventh, the management has room for interpretation which gives it a mandate to reconfigure the operation in a certain direction. Changed board of directors, management or chief executive also explains the occurrence of back-sourcing. Within the private sector it can be explained by power and politics, differences in organizational culture and economies of scale. The review shows that there are reasons that reoccur more frequently in the literature, and which can be assumed to be significant.

### Comparison

If a comparison is made of internal factors between the private and the public sector, both similarities and differences can be distinguished. A similarity is that *loss of control* is a reason irrespective of whether the operation is executed under private or public management. An explanation can be that the private and public sectors operate under similar conditions. The opportunity for control and follow-up is reduced when everyday contact with the operation is less frequent. The procurer loses control over the details when it gets further away from the everyday operation. If we consider the differences, *power and politics* is more frequently highlighted within the public sector. An explanation can be that the public sector is ultimately governed by politicians and that back-sourcing can be linked to ideology and political shifts. Whether the operation is going to be under public or private management is a political question. Within private companies, it is the board of directors or the executive management that has an equivalent function. Here too there is a valuation dimension, but it is not described as frequently. Instead, aspects related to strategic power are emphasized, for example, change of owner, new company management and replacement of chief executive. However, back-sourcing is not always linked to an ideological position (Jansson et al., 2021). This study shows that common reasons include loss of knowledge, an expectation gap and changes in technology. The comparison also reveals that cost saving is a common reason for back-sourcing within the private sector. High expectations regarding price pressure can be difficult to fulfil as planned. The overall costs for control, follow-up, and supplementary activities can be higher than planned (Whitten & Leidner, 2006, pp. 614–15). The challenge in both the public and the private sector is that costs for control must be no higher than the expected surplus as it would otherwise reduce the profit from outsourcing.

### 4.3.2 | External reasons

Studies of the public sector frequently emphasize the low level of responsibility as a reason for back-sourcing (Petalidis, 2018; Shakirova, 2019; Young et al., 2020). The difficulty is to get the contractor to be proactive in taking responsibility and to act as if the operation was its own (Hefetz & Warner, 2004). It is difficult to transfer responsibility to others as the profits accruing from good results do not benefit their own organization (Young & Macinati, 2012). In addition, lack of quality and poor service are highlighted as reasons for back-sourcing (Damanpour et al., 2020). If the contractor underprices a contract, it can ultimately lead to lower quality if it is not possible to easily control the operation (Hefetz & Warner, 2004). There can also be a classic dependency relationship in relation to the performance of other parties, which means that deficiencies in quality can easily be blamed on others (Eisenhardt, 1989). This study shows that contractual breaches/problems constitute a third reason for back-sourcing. Noncompliance, or evasion, with the contract challenges the controller and those who control the controller's inputs (Alchian & Demsetz, 1986). This study indicates that the three reasons for back-sourcing arise in what is probably the following sequence; low level of responsibility, lack of quality, and contract problems. Based on this study, we can observe that the sequence of reasons for why public back-sourcing takes place has been poorly described in previous literature. Based on our review, it can be observed that increased costs, delivery problems, contractual changes, low flexibility, poor cooperation, and compliance with laws and regulations also have a certain significance.

### Reasons for back-sourcing

Studies of the private sector show increased costs as a reason for back-sourcing. Increased costs can be the effect of increased production costs, higher premises costs, changed raw material prices, increased or low tender prices. This



means that the margins are reduced and the need to sell additional services increases (Tadelis, 2007, pp. 265–66). Another frequent factor for back-sourcing is lack of quality (Solli-Saeter & Gottschalk, 2015; McDonald, 2018). The contractor is perceived as not meeting the expectations set (Ejodame & Oshri, 2018). The expectations can also tend to gradually change during the course of the contract. Development, refinement, and adaptation can mean that the requirements change during the course of the contract period, which can be difficult for an external party to fulfil. Other factors are contract delays or failure to follow an agreed contract. Depending on the form of sanction mechanisms, the propensity to follow a contract can be expected to diminish in line with the contract period. Further, delivery problems and low responsibility are also highlighted as reasons. If delivery problems increase and responsibility diminishes, back-sourcing is one possible resolution (Von Bary & Westner, 2018; Aspir et al., 2019). At the same time, building up internal capacity at short notice is laborious and risky (Bhagwatwar et al., 2011). In this context, the purchaser can find itself with lock-in effects that make it difficult to bring operations back in-house (Law, 2018).

In addition, a number of the studies reviewed have had the aim of ascertaining what motives there were for back-sourcing. One of the starting points is that dissatisfaction arises with the services supplied (McDonald, 2018). It also concerns preserving the quality of products, service and relationships, and reducing transaction costs (Whitten & Leindner, 2006). The reasons can be: cost savings, organizational changes, dissatisfaction with staff, loss of control, and external pressure from the industry (Veltri et al., 2008). It can also be based on personal preferences (von Bary, et al., 2018), poor contracts, deficient monitoring (Cabral et al., 2014). Increasing transaction costs, increased monitoring, and changed political interests have also been given as reasons (Warner Hefetz, 2012). Others emphasize the need to derive benefit from strategic opportunities, changed power relationships, or failed cooperation (Wong, 2008). It is not even certain that back-sourcing is the result of an individual decision, but can be the result of a trigger event that leads the procurer to react in interaction with others (Hartman et al., 2017). Another motive for back-sourcing is that the outsourcing has resulted in higher indirect costs (Ventri et al. 2008; Mederos, 2021). In the private sector, the indirect costs can be due to faults that have arisen, problems with transactions, unsatisfied customers or poor reputation (Barthélemy, 2003; Cabral et al., 2014). Another motive is that the parent organization loses a lot of its expertise, putting it into a subordinate position information-wise in relation to the contractors (Ventri et al., 2008). This can create inferior conditions to collect sanctions imposed on the contractors. If the operation is dispersed over several locations and run by different organizations, it can be difficult to control. Back-sourcing can then lead to coordination benefits and synergy effects.

### *Comparison*

If external factors are compared in the private and public sectors, lack of quality/poor service is a reason that is frequently described in the literature. One explanation for this is that it is difficult for the contractors to achieve what the procurers would like to them to with limited resources. Private and public procurers face similar problems, but resolve them in different ways. In public operations, patients/service recipients can receive incorrect or deficient healthcare that can be harmful to their health. It can lead to public criticism, salary deductions, and dismissal. In private operations, customers receiving inferior products or services leads to demands for compensation and/or change of contractor. However, it can be hard to assess the quality of both private and public services.

### 4.3.3 | Reasons for back-sourcing—comparison between the private and public sectors

The literature highlights cost increases, lack of control, and deficient flexibility as reasons for back-sourcing (Young & Macinati, 2012; Wang et al., 2018). The economic factors are based on the price sensitivity that is relevant in a specific context (Thakur-Wernz, 2019, p. 46). In distinction from the public sector, price (Nujen et al., 2019, p.174) and economic profitability (Oshri et al., 2019, p. 645) are emphasized as reasons in the private sector. One explanation for the difference might be that legitimacy in the private sector is created through being an organization that is price conscious and open to change and that can manage cost increases and revenue reduction flexibly (Aspir et al., 2019,

p. 539). Profitability is preserved through minimizing costs, increasing revenues, and delivering relevant quality (Hartman et al., 2017; Mederos, 2021). In the public sector, it entails increasing satisfaction, freedom, and performance (Macinati & Young, 2009). Backsourcing in both the private and the public sector can be caused by structural development, dissatisfaction, reduced control, external pressures, and changes (Veltri et al. 2008; Whitten et al., 2010; Warner & Hefetz, 2012). It can also be caused by the perceptions and prejudices of executives (Oshri et al., 2019). Backsourcing can be stigmatizing as it can be viewed as a sign of weakness in the organization's procurement function (Nagpal, 2015).

This study shows that backsourcing in the private and public sectors differs concerning: the approach to costs, contract delays, and degree of planning. In the private sector, there is more emphasis on cost increases and efficiency (Oshri et al., 2018; Nujen et al., 2019), while in the public sector, the lack of quality and availability is stressed (Jansson et al., 2021). The difference can be explained in that the private sector can be assumed to have a greater focus on financial margins, cost cutting, and making efficiencies. While the public sector to a greater degree emphasizes availability, regulatory compliance, and quality. It entails obtaining maximum service for the resources put in or "minimally satisfactory performance" (Helat & Winter, 2011, pp. 1243–244). In the public sector, degree of sensitivity, limited accountability, and the difficulty in meeting different wishes can also be significant (Shakirova, 2019, p. 1306). Likewise, the number of credible alternatives also plays a role (McDonald, 2018, p. 49). In the public sector, economic profitability is not highlighted as frequently, which can be explained by the difficulty in winning over a wide range of constituencies and achieving legitimacy through price pressure. On the other hand, low prices can produce negative signals that are associated with low quality, low flexibility, and poor availability. While instead, efficiency in the private sector is a way to signal success and potential margins (Law, 2018, p. 342). For an overview of different reasons for backsourcing, divided into the private and public sectors, see Table 5a and the relevant data in Tables 5b and 5c in appendix.

#### 4.4 | Challenges in implementing backsourcing

There are a number of balance elements that reoccur in the studies and that need to be managed in connection with backsourcing (Hefetz & Warner, 2004). Examples of this are the balance between trust and control (Shakirova, 2019), and pragmatic and contractual governance (Young et al., 2020). The elements can be viewed as a manifestation of the fact that backsourcing places conflicting requirements on procurer and contractor. The literature highlights different approaches to how backsourcing should be interpreted and managed. Is backsourcing viewed as something simple or is it complex? Is it unexpected or expected? Previous literature describes different starting points. A predominant approach, particularly in the private sector, is that backsourcing is relatively simple and that it entails rationally taking back in-house what has previously been carried out by an external contractor (Akoka & Comyn-Wattiau, 2006; Veltri et al., 2008; von Bary & Westner, 2018).

An alternative approach, which is addressed in the public sector, is that backsourcing is complex, unpredictable, and comprises a number of conflicting elements (Young & Macinati, 2012). Changing contractor leads to challenges and complications (Shakirova, 2019). A third approach, which is to be found in both sectors, is to see backsourcing as a circular phenomenon where contracts are awarded and revoked with a certain time interval (Benaroch et al., 2010; Jansson et al., 2021). Based on the first approach, backsourcing is viewed as relatively unproblematic, while the second and third have their point of departure in a questioning approach, to which we intend to return in the discussion.

The literature also highlights the challenge of how previous operations should be "reintegrated" into the parent organization (Ejodame & Oshri, 2016, p. 138). Knowledge needs to be restored to the procurer while there is a lack of incentive for knowledge transfer to take place (Bhagwatwar et al., 2011). An important element in backsourcing is the creation of incentives so that the parties share information during the transfer period (Petalidis, 2018). The literature highlights *information asymmetries* in the transition stage as a particularly vulnerable and critical point (Jansson et al., 2021). Transferring information about, for example, customers, users, procedures and personnel can be sensitive. This

**TABLE 5A** Reasons for back-sourcing in the public and private sectors (percent)

	Total (%)	Private (%)	Public (%)	Diff pub-priv
<b>External causes</b>				
Increased costs/low tender price	9	10	7	-3
Lack of quality/poor service	8	7	9	+2
Contractual breaches/problems	6	5	9	+4
Contract delays	5	6	5	-1
Delivery problems	5	4	6	+2
Low level of responsibility	6	4	9	+5
Low level of flexibility	2	2	2	+/-
Poor planning in connection with transition	2	2	1	-1
Poor cooperation	2	1	2	+1
Noncompliance with law, statute, rule	1	0	2	+2
<b>Internal causes</b>				
Loss of control	9	8	9	+1
Cost saving	8	8	8	0
Changed strategy	7	7	7	+/-
Loss of knowledge	6	6	7	+1
Expectation gap	5	6	3	-3
Power and politics	5	4	6	+2
Technological changes	5	6	2	-4
New board of directors/management/chief executive	4	6	1	-5
Differences in organizational culture	3	3	2	-1
Economies of scale	1	2	0	-2
Total external causes	46	43	53	+10
Total internal causes	54	57	47	-10
Sum total	100	100	100	
N (Number of reasons mentioned)	294	208	86	

There can be several types of reasons in the same article, N is therefore greater than the number of articles.

information often takes a long time to collect, process and systematize. One challenge is that it is difficult to specify how back-sourcing should “proceed” (Petalidis, 2018). The studies reviewed indicate that transfer of knowledge in connection with back-sourcing needs to take place in ways other than when the operation is contracted out (Ejdame and Oshri, 2018).

In her typology, Thakur-Wernz (2019, p. 54) highlights duration, cost, profit and implementation options as important starting points in connection with back-sourcing, (Thakur-Wernz, 2019). Wang et al. (2018) emphasize the significance of dependable processes in a strong institutional environment. *Vague contracts*, with public procurers, lead to back-sourcing being described as a difficult, expensive, and problematic process, with results that are difficult to predict (Petalidis, 2018). For managers, it can be difficult to implement back-sourcing, particularly if it shifts between contractual and relational governance (Young et al., 2020). Managers can also perceive back-sourcing as a personal defeat that they are reluctant to talk about (Ejdame & Oshri, 2018). The literature stresses the significance of re-evaluating contracts in order to avoid lock-in effects (Law, 2018; Von Bary et al., 2019).

**TABLE 6** Similarities and differences in connection with backsourcing in the private and public sectors

Backsourcing	Challenges	Private	Public
Reasons			
Internal	Loss of control	(+)	(+)
	New management or ownership structure	(+)	
	Change in political power		(+)
	Changed technology	(+)	
	Gap in expectation		(+)
External	Lack of quality	(+)	(+)
	Increased costs	(+)	
	Low level of accountability		(+)
	Loss of knowledge	(+)	
	Contractual problems		(+)
Implementation	Information asymmetries	(+)	(+)
	Vague contracts		(+)
	High indirect costs	(+)	
	Failed cooperation		(+)

The studies reviewed emphasize the importance of clear, simple, and communicative processes when backsourcing is to be implemented (Vetri et al. 2008; Law, 2018). Previously successful integrations are assumed to be based on equal power relationships in connection with the backsourcing process (Law, 2018). The transfer is facilitated by a well-functioning internal organization with the capacity to control key activities (Law, 2018). Both operational and strategic control is therefore required when backsourcing is to be implemented (Macinati et al., 2009). Vetri et al. (2008, pp. 68–70) emphasize the significance of a termination clause being included in the contract, with a detailed plan for any potential backsourcing. It is assumed that clearer contracts and check-lists are able to improve the conditions for implementing backsourcing (Velti et al. 2008).

## 5 | DISCUSSION

### 5.1 | Similarities and differences between the private and public sectors

The overall aim of this study was to synthesize existing literature, comparing and analyzing similarities and differences in connection with backsourcing in the private and public sectors. This discussion highlights similarities and differences between backsourcing in the private and public sectors. The operations/services studied are largely IT services in the private sector. Examples of other areas covered are banking, manufacturing, telecommunications, transportation, consulting services, aeronautics, textiles, clothing, and media. Operations dealt with in the public sector include: water services, transport services, health and medical services, transport, and sheltered accommodation. Several of the studies are conceptual, which means that empirical data are not collected. A summary has been provided in Table 6 in order to provide an overview of the study's findings. The table highlights a number of central problems that have been addressed in the literature studied. Examples of internal reasons are loss of control, new owners or changes in technology. Examples of external reasons are lack of quality, increased costs, and loss of knowledge. A (+) mark indicates that the phenomenon is emphasized in the literature within the sector. For an overview of similarities and differences in regard to backsourcing in the private and public sectors, see Table 6.

One consistent similarity, which is reflected in both the private and the public sectors, is that back-sourcing concerns power and politics. Regardless of sector, the explanations are linked to one or a number of these issues. It entails having *power* and control over the governance of one's own operation and implementing sourcing effectively. It concerns responding to new technology and the expectations that there are in the surrounding environment. The focus within the private sector is on power and loss of knowledge. Within the public sector it is on politics, accountability, and social problems. One explanation for this might be that the nature of public services makes it more difficult to apply sanctions. The consequences of adverse publicity, for example, can mean that the procurer is reluctant to apply sanctions as there is a difference between public and private responsibility. Public responsibility is more far-reaching and has a stronger dependency relationship between procurer and contractor. Responsibility in the private sector is driven by reliability, customer satisfaction, expansion, and profit, which makes it easier to demand responsibility if there are problems with delivery.

The findings also indicate that there are different challenges within the private and the public sector in regard to implementation. One finding that we did not expect is that there is a notable number of similarities between back-sourcing in the private and the public sectors. An explanation for this might be that the public sector has long been influenced by and imitated the private sector. Another is that the public sector engages the private sector in order to have its services implemented, which means that the sectors are intertwined. However, a difference is that information asymmetries are emphasized within the private sector, while in the public sector it entails establishing and following up contracts. Profit is emphasized to a greater degree in private operations, while stability is emphasized in the public sector.

The next section presents a synthesis of the findings in the form of three approaches that can be used as tools to analyze back-sourcing in the private and public sectors. The approaches are useful as they can help us to understand the phenomenon of back-sourcing in more depth. They enable us to address the issue of when back-sourcing can be viewed as a success or a failure. The three approaches can also be used to highlight underlying dimensions of back-sourcing in different sectors.

## 5.2 | Reflections on approaches to back-sourcing

In the findings regarding implementation of back-sourcing, *three* approaches were distinguished in the studies reviewed as relevant to understanding and explaining how back-sourcing is interpreted and managed in both the private and the public sectors (Shakirova, 2019). In the *first* approach, back-sourcing is the reverse of outsourcing. It is described as a move between two situations that can be alternated. The approach is based on the process being *reversible*. Back-sourcing entails mechanically deciding, implementing and following up. The point of departure, as described in the private sector, is that back-sourcing is an unproblematic process that can be simply transferred from A to B (Akoka & Comyn-Wattiau, 2006, p. 333; Veltri et al., 2008, p. 52; von Bary & Westner, 2018, p. 69). One example is when Bhagwatwar et al. (2011) use data from the private sector to describe nine factors for a well-executed transition. According to Bhagwatwar et al. (2011, pp. 170–72), it entails: informing the contractor about the back-sourcing decision in good time, producing a financial profitability analysis, planning the restoration, keeping the old staff in place for a certain period, planning staff recruitment, producing a security policy to protect the procurer from dissatisfied employees, avoiding back-sourcing affecting the procurer's everyday operations, ensuring that different stakeholders are kept regularly informed, as well as ensuring that intellectual property rights are secured. The challenge lies in systematizing and logically implementing back-sourcing in a well-planned way.

The *second* approach emphasizes that back-sourcing is complex, unpredictable, and comprises several elements (Young & Macinati, 2012; Shakirova, 2019). The point of departure, as described in the public sector, is that it is difficult to implement back-sourcing according to a predetermined plan (Shakirova, 2019, p. 1327). The work involved is often underestimated, and it is difficult to deal with opportunistic contractors (Young & Macinati, 2012, p. 790). One challenge is to adapt during the transition phase and be pragmatic in resolving the contractual and relational problems

that can arise (Young et al., 2020, pp. 273–75). Another challenge is to manage the transaction and personnel costs that can arise (Whitten et al., 2010, pp. 173–75). It is consequently deemed to be difficult or impossible to fully return to a former original situation (Damanpour et al., 2020, pp. 781–82). The process, according to this approach, could therefore more aptly be described as *irreversible* rather than reversible.

In the *third* approach, backsourcing is not viewed as a binary process where outsourcing can or cannot be reversed, but rather as an anticipated element in a cycle (McDonald, 2018). In this approach, backsourcing sometimes occur as a natural outcome of continuous management by outsourcing. The change of operational form is based on *oscillation*, with organizations moving out and back (Benaroch et al., 2010, p. 347). The solutions to outsourcing problems that are emphasized are: retaining the existing operation, producing a new alternative, taking the operation back in-house, and developing a new organization (Freytag et al., 2012, pp. 106–108). It entails the procurer needing to be prepared through developing practical and mental contingencies to manage different steps. Benaroch et al. (2010) emphasize the importance of flexibility, planning and structure, which is described as an “embedded alternative” that needs to be planned from the outset (p. 347). Jansson et al. (2021) address this approach by linking it to the term “pragmatism”, where public backsourcing (in distinction from outsourcing) is driven to a greater degree by pragmatic rather than ideological considerations (p. 275). Instead of automatically identifying increasing public backsourcing as a political backlash, an attempt to undo problematic NPM-reforms, most cases of backsourcing are occurring in organizations where outsourcing is increasing. Backsourcing here entails logical, appropriate, and necessary measures (Jansson et al., 2021, p. 275). The third approach views backsourcing as a natural element in managing an anticipated situation.

The three approaches can be assumed to have significance for how backsourcing is interpreted and managed in both the private and the public sectors. If backsourcing is interpreted on the basis of the first approach (*reversible*), it entails a rational move “from A to B” with external operations integrated in the current structure. Any mistakes are due to the fact that decisions and implementation have not been fully and appropriately linked. The approach is based on it being relatively simple to bring the operation back in-house. If instead backsourcing is interpreted through the second approach (*irreversible*), it entails terms and conditions being displaced during the contract period. The operation that is brought back in-house is a different one, which can make the process more difficult. It can result in a difficult transition, with disputes and unexpected costs. Based on the third perspective (*oscillation*), it entails a natural movement between outsourcing and backsourcing. The approach is based on backsourcing being a “natural element” in an anticipated development. The development means that the contractors need to be replaced and new ones brought in, resulting in less drama and reducing any potential stigmatization.

In the first and second approaches, backsourcing is viewed as the result of failed outsourcing. Returning to an earlier situation is perceived as a defeat. There are also good reasons to assume that this stigmatization leads to backsourcing being viewed as something negative. In distinction from the first two, the third approach is poorly described in previous literature. Viewing backsourcing as an expected and natural element of sourcing management can perhaps make it more pragmatic and permissive. It becomes a natural element in achieving good quality at competitive prices. The three approaches are significant in that they can be assumed to have an impact on how backsourcing is understood and managed in the private and public sectors. Our findings indicates that a simplified approach most prevalent in private sector does not provide a sufficiently thorough description for public backsourcing. Approaches two and three are more apt for understanding the conditions for public backsourcing and provide tools for a more in-depth analysis.

### 5.3 | The study's contribution

The study has three overall contributions. *First*, it highlights three different approaches (reversible, irreversible, and oscillation) that are of major significance for how backsourcing is interpreted in different sectors. The three perspectives illustrate aspects that have not been emphasized in previous research. It helps us to understand how backsourcing is to be managed and explains the measures that are instituted. *Second*, the study highlights the distinctions between the private and public sectors. The theories frequently used to explain backsourcing in both the private

and the public sectors have been market-based. This study demonstrates that there is a need to understand back-sourcing on the basis of sector-specific conditions. In the public sector, there are more laws/rules, for example, in connection with procurement, there are fewer selection options and the conditions are more restrictive. This means that market theories can represent less-practical tools in connection with analysis of the conditions in the public sector. The *third* contribution is that the study compiles and compares how back-sourcing is studied in the private and the public sectors. It makes it possible to survey, analyze, and explain how back-sourcing is managed in different contexts. Besides surveying what has previously been done, this overview can help researchers to develop new theoretical tools. It can also be of assistance for officials who are actually involved and who want to know how back-sourcing is to be managed.

Based on this review, there is reason to briefly reflect on what the similarities and differences are due to. However, also what the consequences might be if, for example, the public sector is analyzed using theories, concepts, and assumptions derived from the private sector. In this study, we have discussed whether differences between private and public are due to *real* differences or *how* the research is conducted. Similarities and differences between the sectors can be due to how certain theoretical and methodological starting points are used. Frequent use of particular theories might make researchers “blinkered” and miss important aspects. Especially if they, as in certain cases, analyze both the sectors in similar ways when they should use (in part) other theories when analyzing the public sector. This study pinpoints this issue so that future studies can adapt their choice of theory in order to understand and explain the challenges of back-sourcing within the respective sector.

## 6 | CONCLUSIONS: BACKSOURCING IN THE PRIVATE AND PUBLIC SECTORS

The overall aim of this study is to synthesize existing literature and compare similarities and differences in connection with back-sourcing in the private and public sectors. The article provides two contributions that make it possible to conduct a comparison and an advanced discussion on back-sourcing within the private and public sectors. The *first* is that, as we previously underlined, similar theories have been used for studies in both sectors. It is likely that important differences between the private and the public sectors have not been adequately illuminated. General use of market theory for analysis of back-sourcing in the public sector can mean that relevant aspects do not emerge that illustrate the public sector’s distinctiveness. Correspondingly, it is difficult to use theories developed for the public sector for the private sector. The analysis requires a critical approach in regard to selection and application of theoretical starting points. This means that, contrary to previous review studies (Naggal, 2015; von Bary & Westner, 2018; Molléri et al., 2021), this study highlights *the significance of context* in analysis of back-sourcing. We can thus obtain a relevant picture of which reasons are most frequent in the respective sectors. Such an insight can constitute the basis for new empirical and theoretical tools that widen our understanding. The *second* is that, contrary to previous studies (Young & Macinati, 2012; Hartman et al., 2017; Mederos, 2021), the study highlights alternative approaches in order to understand back-sourcing. Based on the oscillation approach, back-sourcing can be viewed as a natural movement between two extremes on a continuum. Back-sourcing is then described as a natural element in an anticipated development. However, viewing back-sourcing as a natural element is rare in previous literature. An explanation for this might be the stigma with which back-sourcing is associated. It means that there is reason to assume that back-sourcing is an under-reported phenomenon. In distinction from previous studies (see Veltri et al., 2008; Lacity et al., 2016; Thakur-Wernz, 2019) that have had a rational approach, this study has highlighted three different approaches (reversible, irreversible and oscillation), which emphasize a more pragmatic approach in understanding and analyzing back-sourcing. The three approaches do not need to be used one at a time, but can be alternated in order to analyze back-sourcing in different contexts. The two contributions meet the study’s aim and help us to understand back-sourcing and its dimensions. As we stated previously, there is reason to ask whether the same motives lie behind the actions in the respective sectors? Or are there completely different factors that constitute the basis for back-sourcing in the public sector? Better theoretical tools, especially in the public sector, provide more options for analysis.

This study demonstrates that there is a need for continued research within three areas. The *first* is to conduct more detailed empirical studies of backsourcing through observation. This is currently almost entirely absent. Closely following the object of study in real time can enable important details to be collected, processed, and analyzed. It can lead to fresh insights. The *second* is that there are not many studies of public backsourcing. There is a need here for more studies in which backsourcing is studied more frequently. This is important as backsourcing tends to have major consequences for users and personnel, particularly as information transfer between the parties has been deficient in several cases. The *third* entails developing theoretical tools that can be used to understand and analyze backsourcing. The formulation of contracts in the private and the public sectors are important starting points in understanding how backsourcing is implemented. Use of sanction mechanisms is also an important piece of the puzzle in understanding its conditions.

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## DATA AVAILABILITY STATEMENT

The data for this review article are based on published scientific articles. For access to each published article, contact the journal where they are published.

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## APPENDIX

TABLE 2B Summary of articles examined

Number	Author year	Title	Theory	Method	Main findings
1.	Damanpour, Magelssen, Walker (2020)	Outsourcing and insourcing of organizational activities: The role of outsourcing process mechanisms	Transaction cost economy theory, public choice theory, outsourcing, Insourcing	Empirical study of insourcing outsourced services. Uses six-panel dataset extending 25 years from seven areas. A sample of 1468 organizations and 2524 observations are used for the analyses.	The decision to outsource organizational activities has been widely studied; however, research on the insourcing of outsourced activities is scarce. From the perspectives of TCE and PCT, the primary driving force for outsourcing has been efficiency, especially in government organizations that are perceived to be bureaucratic and inefficient. Data analyses from a longitudinal dataset of outsourcing and insourcing of public services showed that insourcing is relatively common and is primarily influenced by the implementation mechanisms for the outsourcing process. Future research can expand and extend the characterization of the outsourcing process as a specific capability to carry out an effective transformation of resources into outcomes.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
2.	Jansson, Carlström, Karlsson, Berlin (2020) (publ 2021)	Drivers of outsourcing and back-sourcing in the public sector—From idealism to pragmatism	Transaction cost economic theory, market theory, institutional theory, political theory,	Empirical study of chief financial officers in all of Sweden's 290 municipalities. 171 participated—59% response rate.	This study shows that back-sourcing is strongly associated with outsourcing, and that outsourcing and back-sourcing should not be understood as opposite phenomena, rather as interdependent phenomena in a dynamic sourcing strategy. Outsourcing and back-sourcing are driven in part by different factors: Outsourcing by political ambitions and economic factors relating to TCE, while managerial and pragmatic concerns are foregrounded for back-sourcing.
3.	Young, Nguyen, Macinati (2020) (publ 2021)	Dynamic interplay between contractual and relational governance: An empirical study in Australian healthcare outsourcing	Huber et al.'s (2011) dynamic perspective (identify three complementary and one substitutional archetype of interactions)	Two case studies of hospitals. Total of 13 Interviews.	This study empirically investigates the interplay in two problematic cases of outsourcing, that is, the delivery of services had been back-sourced or considered to be back-sourced. Data confirm the existence of a dynamic interplay between contractual and relational governance. The analysis shows the potential interference of additional contextual factors in the interplay.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
4.	Aspir, Gafni, Gordon (2019)	The Israeli CIO's journey—From insourcing to outsourcing and back	Transaction cost economy (TCE)	Interviews with 25 CIOs and Chief Technology Officers (CTO)	The managers should append a separation mechanism to the outsourcing contract that will help them in the transition between the former and the new provider. The managers in Israel chose only to backsource the unique processes from the services they outsourced. They preferred to change the outsourcing model they used in most of the cases, and instead to backsource those services. Those steps gave the managers better control over the vendors and the processes, raising the level of success of the outsourcing process. The managers realized that the overall outsourcing model did not fit their needs, and that they should use a different model or merge several models in order to succeed.
5.	Shairova (2019)	Bringing contracted services back in by local governments: An exploratory study	The theoretical section discusses common rationales for contracting out government services and possible reasons for bringing service delivery back in-house.	Case-study New Jersey, 11 semi-structured interviews with municipal administrators, heads of purchasing and contracting departments.	The study shows that governments opt to internalize the delivery of public services previously contracted out to private providers. Based on interviews, this study explores which services have been returned to local governments, the rationales behind those decisions, their resultant advantages and disadvantages, and what lessons public officials have learned. The study offers fresh insights into bringing contracted public services back, summarized in six propositions.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
6.	Thakur-Wernz (2019)	A typology of back-sourcing: Short-run total costs and internal capabilities for reinternalization	Drawing on transaction cost economics and resource-based theory, the paper posits the notion that firms backsource because of two factors—changes in their short-run total costs and changes in their internal capabilities for reinternalization. Using the interactions between these two factors, the author's propose four types of back-sourcing.	Conceptual study	The study presents a typology for back-sourcing: profitability back-sourcing, operational back-sourcing, strategic back-sourcing, and failure back-sourcing. Only one (failure back-sourcing) of these types of back-sourcing suggests failure, while the other three indicate strategic flexibility. The study also presents mini-cases to support the typology.
7.	Von Bary, Westner, Strahringer (2019)	How decision makers' personal preferences influence the decision to backsource IT services	Backsourcing of IT services, decision making preference, service quality, relationship quality, switching costs	The study has collected data from 251 global experts, and empirically tested the effect on service quality, relationship quality, and switching costs on IT sourcing decisions using partial least squares (PLS) analysis.	To prepare their IT landscape for future business challenges, companies are using selective sourcing approaches and multisourcing with more but smaller sourcing contracts. Companies are therefore having to reconsider and reevaluate their IT sourcing setup more frequently. The study has collected data from 251 global experts, and empirically tested the effect of service quality, relationship quality, and switching costs on IT sourcing decisions using partial least squares (PLS) analysis. Drawing on previously conducted expert interviews, it introduces a decision maker's sourcing preferences. The study was able to confirm the negative effect of switching costs on a decision in favor of back-sourcing, found no significant support for the remaining hypotheses.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
8.	Oshri, Sidhu, Kotlarsky (2019)	East, west, would home really be best?	Behavioral theory, bounded rationality	Online survey. 1192 representatives accepted the invitation. Fully completed responses from 196 invitees. Response rate of 16% from those who expressed interest in the survey.	The study shows why relatively few firms choose to (backsource) bring their offshored operations back in-house. Of all sourcing decisions taken by firms, back sourcing is the least understood and least researched. The study highlights the importance of recognizing the role of managerial perceptions and biases, as well as subgroup political relations, in shaping firms' back sourcing behavior.
9.	McDonald (2018)	Remunicipalization: The future of water service?	Outsourcing—back sourcing	Case study	Cities around the world are “remunicipalizing” their water services by taking them back into public control, and the pace appears to be increasing. This paper develops a typology of different ideological forms of remunicipalization, identifying key stakeholders and the nature of their support, as well as indicating prevalent formats and regional trends. The hypothesis is that remunicipalization will continue in the medium term due to widespread dissatisfaction with privatization, but that differences within the remunicipalization movement, combined with resistance from powerful multilateral actors, may make it difficult to sustain.

(Continues)



TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
10.	Ejodame, Oshri (2018)	Understanding knowledge reintegration in back-sourcing	Back-sourcing, knowledge reintegration	Exploratory case study. Data collection took place in 2013 and 2014. Five company cases. A total of fourteen interviews were conducted with key informants from seven back-sourcing events.	Traditionally, the existing literature on back-sourcing has focused on how firms reach the decision to bring back previously outsourced services. This study shows the process of back-sourcing from a knowledge perspective. The study shows that knowledge is re-integrated in back-sourcing differently from in outsourcing projects, mainly because of the existence of knowledge asymmetries between the client and the supplier.
11.	Law (2018)	Breaking the outsourcing path: Back-sourcing process and outsourcing lock-in	Path dependence theory	Case-studies, semi-structured interviews. One case study, four projects, 33 interviews with 29 informants	The aim of this study was to develop research on back-sourcing. We focus on the processes that firms follow in order to back-sourcing, particularly when they are locked into outsourcing. The study uses path dependence and path creation concepts to analyze this research. This paper highlights the negative effects resulting from the need to control outsourced activities. Organizational crises and the perception of back-sourcing as a success are two elements that enable significant notable deviations from outsourcing practices and the development of a back-sourcing path. The decision to back-sourcing can be facilitated by previously successful integration experiences; internal productive capabilities, and capabilities to control activities. Changes in power relations within the firm can sustain the development of back-sourcing.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
12.	Petalidis (2018)	Lessons from attempting to backsource a government IT system	Outsourcing—back sourcing	Case study	The study is of a public organization trying to backsource the development and maintenance of a large information system. Backsourcing an IT system requires knowledge to be transferred back in-house from the contractor. Even though a lot of tenders and contracts theoretically take measures to ensure that such an information transfer is possible, we discovered that this is extremely difficult. The study shows that the process is not cost-free and is certainly not unproblematic.
13.	Wang, Mu, Liu (2018)	Privatization reversals of bus service: A case of Shanghai in China	Decoupling (gap between formal policy and practice), public interest theory and contract theory	Interviews and information obtained from internally published articles, reports, academic articles, media news, and government documents on public bus operation and the reform process. Interviews have been conducted with 29 government officers, operators and experts.	The study shows the reasons for the reversals and how the reversal process proceeds. The reversal reasons include economic factors, political factors, and management factors. The study shows that the reversal process is related to multiple actor interactions and their institutional environment. The study shows that unless we resolve the problem of decoupling policy and practice, the reverse can occur between a market and a government paradigm. Structural reforms to increase the quality and efficiency of public service are important.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
14.	Von Bary, Westner (2018)	Information systems backscouring	Not applicable	Review (31 publications)	The study developed a framework to structure existing research into IT backscouring. The study shows the implementation factors based on the existing literature to guide companies through the backscouring process. Most existing research focuses on discovering motivators for backscouring, for example, by analyzing case studies or news articles concerning failed outsourcing or interviews with practitioners.
15.	Von Bary, Westner, Strahringer (2018)	Adding experts' perceptions to complement existing research on information systems backscouring	Not applicable	The study includes two literature reviews (1997–2017), academic literature (31 publications) and practitioner literature (148 English and 25 German). Expert interviews (phone interviews, 20 min, N = 16) from European countries from LinkedIn and Xing.	Three research themes could be identified, (1) motivators for backscouring triggering a reevaluation of the sourcing setup, (2) decision factors which positively or negatively influence the backscouring decision, and (3) implementation success factors. The study specifies the different terminology applied in both types of literature: academic literature mostly uses the term backscouring, practitioner literature mostly back in-house or insourcing. The study shows that the experts placed a stronger emphasis on the importance of differentiating between services suited for out- or insourcing, whereas the literature mainly took an in-or-out view, without considering the scope of backscouring or differentiating between services. The expert interviews show the importance of managers' personal preferences in the sourcing decision, and the need to comply with regulatory requirements. Practitioner literature contains very limited discussions on reasons contra backscouring.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
16.	Hartman, Ogden, Hazen (2017)	Bring it back? An examination of the insourcing decision	Outsourcing: 23 recurring factors that researchers deem influential in outsourcing decisions. Insourcing.	Case study of 12 firms in the manufacturing industry that have insourced a previously outsourced function. Data were collected via interviews with executives, observations and archival records over a 9-month period.	The results show a more nuanced understanding regarding the insourcing decision. Firms make sourcing decisions in order to minimize costs, improve quality and increase productivity and performance. However, insourcing decisions are often made in response to a specific, external trigger event and not necessarily in concert with long-term, strategic goals. The study shows that insourcing/outsourcing decisions require continuous evaluation in order to optimize competitiveness and align with long-term goals.
17.	Foerstl, Kirchoff, Bals (2016)	Exploring the reshoring and insourcing decision-making process	Reshoring and insourcing decision-making process	Review of United States and German business press.	(1) Common conceptualization of reshoring and/or insourcing (2) Insourcing decision-making framework and four future research avenues (3) Specific research questions and theoretical perspectives

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
18.	Nagpal (2015)	Backsourcing: A review and theoretically motivated view	Theory about outsourcing and backsourcing, modularity	Conceptual study	In view of the limited evidence for its success, backsourcing is not a panacea in and of itself. The failure of initial outsourcing arrangements is likely to be a symptom of deeper weaknesses within the buyer or firm, which limit reversibility and hence the range of options for sourcing.
19.	Solli-Saether, Gottschalk (2015)	Stage-of-growth in outsourcing, offshoring and backsourcing: Back to the future?	Stages-of-growth model (life cycle theory)	Surveys of senior managers	A modeling procedure was used to develop a stage model for sourcing maturity. This article provides fresh insights into the key issues and challenges in sourcing relationships. Companies are typically faced with cost, resource and relationship concerns when organizing their IT function. The stages-of-growth model for outsourcing, offshoring, and backsourcing represents a theory to be explored and empirically validated. The utility of the stages-of-growth model shifts focus as the organization of the IT function changes, with its focus on costs, resources, and relationships changing and maturing in line with the sourcing decision.
20.	Cabral, Quelin, Maia (2014)	Outsourcing failure and reintegration: The influence of contractual and external factors	Transaction cost economy, strategic intents insourcing, reintegrate	A case study of interruption to outsourcing in industrial maintenance.	This study shows that the reasons that drive organizations to interrupt outsourcing are asset-specificity, poor contractual design, and deficient monitoring. The study reveals an integrative framework that combines micro- and macro- levels of organizational analysis.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
21.	Benaroch, Webster, Kazaz (2012)	Impact of sourcing flexibility on the outsourcing of services under demand uncertainty	Sourcing flexibility, option analysis, outsourcing/ back-sourcing	Numeric analysis	(1) The probability of outsourcing generally increases in volatility for high-skill processes and decreases in volatility for low-skill processes. (2) The option to backsource is generally more valuable for high-skill processes than for low-skill processes. (3) The value of the option to backsource a high-skill service process can decrease in volatility.
22.	Freytag, Clarke, Evald (2012)	Reconsidering outsourcing solutions	Three theoretical perspectives on outsourcing. (1) The cost-based view, (2) The competence-based view, (3) The relationship-based view	Interviews with respondents from four firms (N = 10). Interviews were conducted with the CEO of each of the four firms, with the aim of identifying experience gained after facing outsourcing problems that required resolution. Interviews lasted for 1.5 h.	This article focuses on the reasons for reconsidering outsourcing activities. Based on four case studies of Danish companies, four generic solutions for reconsidering outsourced activities are identified and discussed. The four solutions are: (1) maintain the original outsourcing partner; (2) procure a new outsourcing partner; (3) backsource to own business or (4) establish a new organization. The study discusses the rationales that underscore the four generic solutions, and outline central considerations in the outsourcing process.
23.	Koltarsky, Bognar (2012)	Understanding the process of back-sourcing: Two cases of product back-sourcing in Europe	Back-sourcing—Contract problems. Internal and external opportunities.	Two case studies (MediaCorp and ITServCorp). Review of outsourcing literature.	This study follows two cases. It provides an insight into the process of back-sourcing. The first case study (MediaCorp) deals with back-sourcing IT hosting services (business process). The second case study (ITServCorp) talks about bringing an IT product development back in-house. The study shows that different aspects of back-sourcing, can be analyzed comparatively in order to better understand the back-sourcing process.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
24.	Warner, Hefetz (2012)	Insourcing and outsourcing: The dynamics of privatization among U.S. municipalities 2002–2007	Contract theory. Monitoring.	ICMA surveys from 2002 and 2007. This includes all counties with a population greater than 25,000 (roughly 1600) and cities with a population of over 10,000 (roughly 3300). The study found 476 governments that responded to both the 2002 and 2007 surveys. Of these, 430 were usable pairs for statistical analysis.	The study shows that reversals from private to public provision are common. U.S. data indicate that insourcing (reverse contracting) is roughly equal to the level of new outsourcing for 2002–2007. The study's statistical model suggests that transactions costs, market management, monitoring, and political interests are all associated with reverse contracting. The study shows that mixed public and private delivery (concurrent sourcing) promotes competition and provides the capacity for public provision should the contracts fail.
25.	Young, Macinati (2012)	Health outsourcing/backsourcing	Transaction cost theory, principal agent theory, public choice	Case study, interviews 14 interviews, seven in Australia and seven in Italy	This study explores outsourcing/backsourcing decisions using one case study in Australia and one in Italy. The results indicate that the outsourcing decision was cost-driven alongside a desire to increase workforce flexibility. However, backsourcing occurred due to cost increases, a lack of control, and lack of workforce flexibility.
26.	Bhagwatwar, Hackney, Desouza (2011)	Considerations for information systems "backsourcing"	Backsourcing, transfer challenges	Two case studies. Comparative analysis.	One contribution the paper makes is identifying important strategies to be followed in backsourcing projects in order to ensure efficient knowledge reintegration.
27.	Benaroch, Dai, Kauffman (2010)	Should we go our own way?	Outsourcing and backsourcing, modeling sourcing decisions	Real option pricing method, contingent claims analysis method	Results show how to specify various forms of service-related flexibility so that their value and timing can be estimated.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
28.	Whitten, Chakrabarty, Wakefield (2010)	The strategic choice to continue outsourcing, switch vendors, or backsource	Transaction cost theory, resource-based theory and organization learning theory	Survey, 934 top IT managers (answ. 26%)	The study answers the question: do switching costs matter in back sourcing? A field survey was conducted and, for each of these cost types, the differences between group means across the three groups (outsourcing continuation, vendor switching, and back sourcing) were determined. The study shows that outsourcing continuation was most preferred and back sourcing least preferred when switching costs were high, and the relative preference for vendor switching depended on the switching cost type. Findings show that for all these options, organizations that backsource to an internal/in-house IT department had lower switching costs, whereas organizations that continue outsourcing to the same external IT vendor had higher switching costs. The findings suggested that customer organizations preferred outsourcing continuation most and back sourcing least when their switching costs were high. However, the relative preference for vendor switching depended on the switching cost type.
29.	Veltri, Saunders, Kavan (2008)	Information systems back sourcing	Transaction cost economics, and agency theories; strategic factors derive from resource-based, strategic contingencies, and dynamic capabilities theories; and relationship factors stem from social exchange theory.	Surveys of senior managers	The study shows that multiple factors contribute to the decision to backsource. Many are internally driven, such as cost savings, organizational structural changes, dissatisfaction with outsourcing service, loss of control over outsourced services, external pressures, or industry changes. Reported instances of back sourcing clearly demonstrate losing control over parts of business that have direct interaction with customers. This study has provided insights into reasons for back sourcing, possible responses to problems and opportunities, and suggestions for a smooth transition in-house.

(Continues)



**TABLE 2B** (Continued)

Number	Author year	Title	Theory	Method	Main findings
30.	Java (2008)	Drivers of IT outsourcing decision	Outsourcing/back-sourcing Sourcing decision	Case study, 13 company/organizations	This study examines the decision to backsource IT functions. When organizations implement a back-sourcing strategy, they incur high rebuilding fees and expensive contract termination fees. Reverting back to the once abandoned strategy also reflects negatively on the organizations' previous strategic decision and judgment. A question, therefore, is what factors drive organizations toward back-sourcing. The study shows that organizations choose back-sourcing in order to capitalize on strategic opportunities, internal power and politics interplay and the failure of outsourcing contracts. Changes in vendor organization and vendor strategy may also trigger back-sourcing decisions.
31.	Tadelis (2007)	The innovative organization	Concepts outsourcing/back-sourcing	Conceptual study	The study shows that distance is problematic: geographic distance, language and cultural distance, regulatory and policy distance, legal distance.

(Continues)

TABLE 2B (Continued)

Number	Author year	Title	Theory	Method	Main findings
32.	Whitten, Leidner (2006)	Bring IT back: An analysis of the decision to backsource or switch vendors	Transaction cost theory (TCT) and social exchange theory (SET)	Survey, 160 IT managers, 54 answers on back sourcing.	Research into outsourcing has suggested that many organizations choose to backsource. In spite of these indications that back sourcing may be on the rise, little empirical research exists that helps to elucidate the back sourcing decision. This article is among the first that provides empirical data concerning the back sourcing and switching phenomena. The results show that product quality, service quality, relationship quality, and switching costs are related to the decision to backsource the application of outsourcing.
33.	Hefetz, Warner (2004)	Privatization and its reverse: Explaining the dynamics of the government contracting process	Principal agent problem, transaction cost theory, monitoring and citizen engagement	Data for this study were derived from the ICMA 1992 and 1997 surveys of Alternative Service Delivery Approaches, the Census of Government finance files for 1992, and the Census of Population and Housing for 1990. Averaging across all 628 governments, this study shows that 44% of services are stable public provision, 27% are stable contracts, 18% are new contracts, and 11% are contracted back-in.	Empirical evidence shows movements from market contracts back to in-house delivery. This "reverse contracting" reflects the complexity of public delivery. The study develops a methodology to link responses to national surveys and create a longitudinal data set that captures the dynamics of the contracting process. Our statistical analysis finds government management, monitoring, and principal agent problems to be most important in explaining both new contracting out and contracting back-in. Professional managers recognize the importance of monitoring and the need for public engagement in the service delivery process. The study shows that public managers do more than steer a market process; they balance technical and political concerns in order to secure public value.

**TABLE 4B** Method and theory for studies about backspacing in the private sector

Article	Method													Theory												
	Document/academic articles	Conceptual/simulation	Interviews	Case study	Review	Questionnaire	Panel data	Register data	Observations	Backsourcing/Insourcing	Outsourcing	Market theory	Contract theory/agreement theory	Transaction cost theory	Knowledge/competence/exchange theory	Agent/principal theory	Decision theory	Relationship/network theory	Implementation theory	Institutional theory	Political ideological theory	Public choice theory	Development/Innovation theory			
4. Aspir et al. (2019)			x							x																
6. Thakur-Wernz (2019)		x								x		x														
7. Von Bary et al. (2019)					x					x		x														
8. Oshri et al. (2019)							x			x	x	x														
10. Ejodame Oshri (2016)			x							x	x	x														

(Continues)

TABLE 4B (Continued)

Method and theory for studies about backspacing in private sector

Article	Method											Theory											
	Document/academic articles	Conceptual/simulation	Interviews	Case study	Review	Questionnaire	Panel data	Register data	Observations	Backsourcing/insourcing	Outsourcing	Market theory	Contract theory/agreement theory	Transaction cost theory	Knowledge/competence/exchange theory	Agent/principal theory	Decision theory	Relationship/network theory	Implementation theory	Institutional theory	Political ideological theory	Public choice theory	Development/innovation theory
11. Law (2018)	x		x	x					x	x	x								x				
14. Von Bary, Westner (2018)					x				x	x	x	x	x	x			x			x			
15. Von Bary, et al. (2018)	x		x		x				x	x	x												
16. Hartman (2017)	x		x	x					x	x			x										
17. Foerstl et al. (2016).	x		x						x		x			x									
18. Nagpal et al. (2015)		x							x	x													
19. Solli-Säter (2015)	x		x						x	x	x	x	x	x								x	
20. Cabral et al. (2014)	x		x	x					x		x	x	x	x								x	

(Continues)

**TABLE 4B** (Continued)

Method and theory for studies about backscouring in private sector

Article	Method													Theory												
	Document/academic articles	Conceptual/simulation	Interviews	Case study	Review	Questionnaire	Panel data	Register data	Observations	Backsourcing/insourcing	Outsourcing	Market theory	Contract theory/agreement theory	Transaction cost theory	Knowledge/competence/exchange theory	Agent/principal theory	Decision theory	Relationship/network theory	Implementation theory	Institutional theory	Political ideological theory	Public choice theory	Development/innovation theory			
21. Benaroch et al. (2012)		x								x	x	x		x												
22. Freytag et al. (2012)	x		x	x						x	x			x				x								
23. Kofarsky et al. (2012)	x		x							x	x		x													
26. Bhagwatwar et al. (2011)	x		x							x	x	x			x											
27. Benaroch et al. (2010)	x									x	x	x		x												
28. Whitten et al. (2010)	x				x					x	x	x														
29. Veltri et al. (2008)	x				x					x	x	x			x											
30. Jaya (2008)	x									x																
31. Tadelis (2007)	x									x	x	x														
32. Whitten et al. (2006)	x				x					x	x	x									x					
Total	14	8	7	7	5	2	1	0	0	21	19	17	6	7	4	2	2	1	1	0	1	0	0	0		

**TABLE 4C** Method and theory for studies about backourcing in the public sector  
Method and theory for studies about backourcing in public sector

Article	Method											Theory												
	Questionnaire	Interviews	Register data	Case study	Document/academic articles	Observations	Conceptual/simulation	Review	Panel data	Outsourcing	Insourcing/backourcing	Transaction cost theory	Market theory	Contract theory/agreement theory	Institutional theory	Political ideological theory	Agent-/principal	Relationship/network theory	Decision theory	Implementation theory	Knowledge/competence/exchange theory	Public choice theory	Development/innovation theory	
1. Damanpour (2020) (publ 2021)	x		x						x										x					
2. Janson et al. (2020)	x		x						x	x	x	x	x		x									
3. Young et al. (2020)		x		x							x			x			x							
5. Shakirova (2019)	x	x							x	x	x	x	x	x										x
9. McDonald (2018)		x							x	x	x	x	x											
12. Petalidis (2018)				x					x															

(Continues)

**TABLE 4C** (Continued)

Method and theory for studies about back sourcing in public sector

Article	Method													Theory												
	Questionnaire	Interviews	Register data	Case study	Document/academic articles	Observations	Conceptual/simulation	Review	Panel data	Outsourcing	Insourcing/back sourcing	Transaction cost theory	Market theory	Contract theory/agreement theory	Institutional theory	Political ideological theory	Agent-/principal	Relationship/network theory	Decision theory	Implementation theory	Knowledge/competence/exchange theory	Public choice theory	Development/innovation theory			
13. Wang et al. (2018)		x		x	x					x	x	x	x	x	x											
24. Warner Hefetz (2012)	x		x							x	x	x	x	x		x										
25. Young Macinati (2012)		x		x	x					x	x	x	x	x		x		x						x		
33. Hefetz Warner (2004)			x							x	x	x	x	x			x									
Total	4	5	4	4	2	0	0	0	0	9	9	5	7	6	3	3	2	1	1	1	0	1	1	1		

TABLE 5B Reasons for backsourcing in the private sector

Article	Reasons for backsourcing in private sector																			
	External causes					Internal causes														
	Increased costs /low tender price	Lack of quality/poor service	Contract delays	Contractual breaches/problems	Delivery problems	Low level of responsibility	Poor planning in connection with transition	Low level of flexibility	Poor cooperation	Non-compliance with law, statute, rule	Loss of control/weaker control	Cost saving	Changed strategy	Loss of knowledge	Expectation gap	Technological changes	New board of directors/management/chief executive	Power and politics	Differences in organizational culture	Economies of scale
4. Aspir et al. (2019)	x	x		x									x	x				x		x
6. Thakur-Wernz (2019)			x				x				x	x	x			x		x		
7. Von Bary et al. (2019)				x	x		x				x			x	x					
8. Oshri et al. (2019)	x	x		x							x		x			x		x		
10. Ejodame, Oshri (2018)	x	x									x	x								
11. Law (2018)	x	x		x	x			x			x				x	x	x	x		
14. Von Bary, Westner (2018)	x	x	x	x	x	x					x	x	x	x	x	x	x			x

(Continues)



**TABLE 5B** (Continued)

Article	Reasons for back-sourcing in private sector									
	External causes					Internal causes				
15. Von Bary, Strahringer (2018)	x	x	x	x	x	x	x	x	x	x
16. Hartman (2017)	x	x	x	x	x	x	x	x	x	x
17. Foersti et al. (2016)	x	x	x	x	x	x	x	x	x	x
18. Nagpal et al. (2015)	x	x	x	x	x	x	x	x	x	x
19. Solli-Saether, Gottschalk (2015)	x	x	x	x	x	x	x	x	x	x
20. Cabral et al. (2014)	x	x	x	x	x	x	x	x	x	x
21. Benaroch et al. (2012)	x	x	x	x	x	x	x	x	x	x
22. Freytag et al. (2012)	x	x	x	x	x	x	x	x	x	x

(Continues)

TABLE 5B (Continued)

Article	Reasons for back-sourcing in private sector										Internal causes									
	External causes					Internal causes					Internal causes					Internal causes				
	Increased costs /low tender price	Lack of quality/poor service	Contract delays	Contractual breaches/problems	Delivery problems	Low level of responsibility	Poor planning in connection with transition	Low level of flexibility	Poor cooperation	Non-compliance with law, statute, rule	Loss of control/weaker control	Cost saving	Changed strategy	Loss of knowledge	Expectation gap	Technological changes	New board of directors/management/chief executive	Power and politics	Differences in organizational culture	Economies of scale
23. Kotarsky, Bognar (2012)	x	x	x	x		x					x	x	x	x	x	x	x	x	x	
26. Bhagwatwar et al. (2014)	x		x				x	x	x	x	x	x	x	x	x	x	x	x	x	x
27. Benaroch et al. (2010)	x	x	x	x	x			x			x	x	x			x	x			
28. Whitten et al (2010)	x										x	x	x	x						
29. Veltri et al. (2008)	x	x	x	x						x	x	x			x		x	x		
30. Wong (2008)	x	x	x	x	x	x				x	x	x	x	x	x	x	x	x	x	
31. Tadelis (2007)	x	x	x	x	x	x				x	x	x	x	x	x	x	x			
32. Whitten & Leidner (2006)	x	x	x	x		x			x			x	x	x	x	x	x			
Total	21	15	12	11	9	9	5	4	3	1	17	16	15	13	13	12	12	9	7	4

**TABLE 5C** Reasons for backsourcing in the public sector

Article	Reasons for backsourcing in public sector																		
	External causes						Internal causes												
	Lack of quality/poor service	Contractual breaches/problems	Low level of responsibility	Increased costs/low tender price	Delivery problems	Contract delays	Low level of flexibility	Poor cooperation	Non-compliance with law, statute, rule	Poor planning in connection with transition	Loss of control/weaker control	Changed strategy	Power and politics	Cost saving	Loss of knowledge	Expectation gap	Differences in organizational culture	Technological changes	New board of directors/management/chief executive
Economies of scale																			
1. Damampour et al (2020)	x	x	x	x	x	x								x					
2. Janson et al. (2020) (publ 2021)	x	x		x									x						
3. Young et al. (2020) (publ 2021)	x	x	x	x	x	x		x			x								
5. Shakirova (2019)		x	x		x		x	x	x		x			x					
9. McDonald (2018)	x	x	x	x	x	x				x	x	x		x	x				x

(Continues)

TABLE 5C (Continued)

Article	Reasons for back-sourcing in public sector										Internal causes									
	External causes																			
	Lack of quality/poor service	Contractual breaches/problems	Low level of responsibility	Increased costs/low tender price	Delivery problems	Contract delays	Low level of flexibility	Poor cooperation	Non-compliance with law, statute, rule	Poor planning in connection with transition	Loss of control/weaker control	Changed strategy	Power and politics	Cost saving	Loss of knowledge	Expectation gap	Differences in organizational culture	Technological changes	New board of directors/management/chief executive	
12. Petalidis (2018)		x	x							x					x	x	x			
13. Wang et al. (2018)	x		x							x	x	x	x	x	x	x				
24. Warner Hefetz (2012)	x		x		x					x	x	x	x	x	x		x			
25. Young Macinatti (2012)	x	x	x	x			x		x	x	x	x	x	x	x		x		x	
33. Hefetz, Warner (2004)	x	x	x	x	x	x				x	x	x	x	x	x	x				
Total	8	8	8	4	5	4	2	2	2	1	8	6	5	7	6	4	2	2	1	0