

## THE INSOURCING TYPOLOGY

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### Abstract:

Considerations on whether the selected product or service should be performed by entrepreneur itself or whether it should be purchased on the market are one of the most common among managers. The purchase on the market itself can be carried out with different degrees of cooperation with the manufacturer, starting from the lack of cooperation to the long-term strategic cooperation under strictly regulated agreement. In the literature, this decision is marked as "make or buy". One of the most cited works in the context of the discussion on the dilemma of "make or buy" is an article "The nature of the firm" [Coase 1937], in which the author poses the following question: "Why doesn't the entrepreneur organize one less or one more transaction?" [Coase 1937, p. 393] Coase defines two opposite ways to conduct business by the entities, i.e. "hierarchy" for the self production (make) or "price system" for the purchase of a product / service on the market (buy).

Authors define insourcing as incorporation of some activity previously executed by an external entity to the structures of the organization. Insourcing occurring both in the case of reversing outsourcing (backsourcing) project or in the case of introduction the activity to organization for the first time. According to Deloitte's 2016 Global Outsourcing Survey [Deloitte 2016, p. 13] the top three issues with outsourcing providers are:

- providers are reactive rather than proactive,
- don't provide enough innovation,
- have high staff attrition rate.

The aim of the presentation is to present theoretical background of the insourcing decision as well as to describe results of research on insourcing in Polish organizations.

Authors will present potential causes of insourcing both on the basis of the newest literature as well as own research conducted on Polish companies.

The authors have identified the following types of insourcing projects:

- Insourcing full process after outsourcing.
- Insourcing full process without previously outsourcing.
- Insourcing part of the process after outsourcing and leaving part of the process with external suppliers (dual- or multi-sourcing).
- Insourcing part of the process without previously outsourcing and leaving part of the process with external suppliers (dual- or multi-sourcing).
- Insourcing full process after outsourcing and expanding it beyond the company's own needs in order to offer a new service or product on the market.
- Insourcing full process without previously outsourcing and expanding it beyond the company's own needs in order to offer a new service or product on the market.

The article will present case studies illustrating selected types of insourcing projects.

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