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Outsourcing Interruptions and the Emergence of Reshoring

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Walden University
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Abstract

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by

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MBA, University of the Philippines, 1986

BSBA, University of the East (Manila, Philippines), 1972

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

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Abstract

Over the last 25 years, offshore outsourcing has been accepted as a standard business practice, primarily for the cost advantage of operating in lower costs offshore locations. Lately, the trend is reversing; business leaders are moving their manufacturing operations back home despite the near-term negative impact of the reversal decision. This qualitative multiple case study aimed to understand the factors that influenced manufacturing business leaders of U.S.-based companies to reverse previously made offshoring decisions and reshored at a high reversal rate. In this study, I applied the conceptual framework proposed by Fratocchi et al. (2016). Data were collected from five participants from companies who had experienced reshoring in the past 5 years using a purposive sampling technique and semi-structured interviews. This study was organized using a multiple case study approach to capture the complexity of the object of this research. The qualitative data and information gathered from all the interview transcripts were compared and analyzed to identify recurring themes. The themes were coded on how they are connected with the research question, and findings were collated from the interviews for results. Three major themes emerged from the data: lower manufacturing costs, factors nullifying offshore advantages, and benefits of reshoring. Understanding the factors that incite leaders of organizations to go to the extreme of reversing previous offshoring decisions may strengthen management best practices in business strategy and may further result in positive social change through the affected companies improved operational and financial performances. The results of this study may provide new knowledge to influence business leaders to make better outsourcing decisions.

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Dedication

I dedicate this work in memory of my mother, Remedios Castillo Santos, the beloved matriarch of the Castillo-Santos clan of Manila, Philippines. My mother was an educator who instilled in me, starting at a young age, that education elevates one's status in life. She emphasized that education is a never-ending quest for learning and continuous improvement, that education has no period, and that I should pursue learning regardless of my age. These lessons from my mother inspired me to seek the highest level of education I can attain, no matter how long it takes.

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Thank you to my committee chair, Dr. LaBrina Jones. You have been with me on this journey for the longest time. Your patience, guidance, and encouragement put me through the completion of my program of study. Thank you for motivating me to move forward, and surmount the difficulties along the way. Thank you to my committee member Dr. Hyuk Kim. Your valuable feedback and guidance helped me achieves my goal. Thank you to Dr. Daphne Halkias. Your help in identifying and connecting with leaders of manufacturing companies who participated in this study has been instrumental in its completion. Thank you to my employer for providing educational assistance for my research. Thank you to the executives of manufacturing companies who volunteered to participate in my research. Thank you to the many members of the Walden University staff for their contributions to completing this study. Thank you to my friends, coworkers, and family for their support. Their words of encouragement are inspirational. Special thank you to my wife for believing in me and for the many sacrifices she endured so that I could pursue my dream of completing a doctorate.

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Chapter 1: Introduction to the Study

Over the last 20 years of the 21st century, outsourcing offshore has been evolving; organizations no longer solely relied on offshore outsourcing to deliver narrower goals, such as cost reductions and labor arbitrage, but are used for many more services. Business leaders use offshore outsourcing to spawn innovation bolstered by advances in technology – cloud computing, robotic process automation, artificial intelligence, algorithmic processing, advanced analytics, and digitization. The same technology precipitated a rethinking of sourcing strategies by management, who now recognize the value of keeping or reintegrating formerly offshored business-critical or innovation-led activities back home. Additionally, as long distances became an issue as speed and agility became an essential consideration for companies to gain competitive sales advantage in the market, and higher transportation costs of locating overseas no longer offset lower labor costs, offshore outsourcing decisions are no longer sustainable.

The determination to turn around the earlier offshored activities back home could signify either a deliberate action of concerned companies to adjust to changed conditions, both internal and external, or to correct a previously made offshore decision (Barbieri & Stentoft, 2016). Business leaders of companies that had executed an offshore outsourcing revocation are even reluctant to discuss the motivations for the decisions (Hennart et al., 2002). And yet, entering the 21st century, a high reversal rate of formerly made offshore outsourcing decisions had been observed, and lately, reports from several studies suggest that 40% of managers perceive a trend toward reshoring and insourcing activities within 5 years after the initial offshoring decisions had been made (Kinkel, 2014).

Understanding the perceived contradiction, and the drivers that influence the turnaround decisions is the scope of this study.

Understanding the reasons why organizational leaders had to go to the extreme of interrupting outsourcing may contribute to positive social change. New knowledge and lessons learned from the study could incentivize business leaders of affected companies to make critical decisions to cut and minimize their losses, and strategically address the detrimental outsourcing choice previously made, which could result in improved operational performance and profitability in the long term. And, the U.S. headquartered companies rethinking their outsourcing strategies, reversing previously offshored outsourcing activities could mean a better outcome for the U.S. economy in domestic job creation, as reshoring is considered to be one of the remedies for unemployment (Gray et al., 2013; Sirkin et al., 2017a). The speed in which U.S. manufacturing could develop manufacturing technologies in the areas of digitalization, 3D printing, and Internet of Things could reverse the cost dynamics across the whole supply chain in favor of reshoring, negating the offshore cost advantage; the technology shift, however, requires available, skilled, and qualified workers, obstacles for which U.S. manufacturing has yet to overcome.

The remainder of this chapter includes the background of the study, the general and specific problems this study addressed, and the purpose of this study. This chapter also provides the research question and the conceptual framework that guided this study. Finally, this chapter provides a description of the nature of the study, definitions of

crucial terminologies, assumptions, delimitations, and limitations of the study, and the significance of the study to practice and social change.

Background of the Study

The contributing factors that influence reshoring and the emergence of reshoring and insourcing decisions in public companies have been studied by several researchers. For example, Cabral et al. (2014) used the study of a real case of outsourcing revocation in an industrial maintenance company to illustrate the reasons that drive organizations to reverse a previously made outsourcing strategy, and the formerly outsourced activities delegated to outside service providers, are brought back in-house. In their research, the authors found some other determinants that complement the reversal decisions, namely bandwagon behavior and institutional pressure exerted by external factors. Further, Di Mauro et al. (2018) studied the motivations underscoring offshoring and backshoring at a firm level to find support to their assertion that backshoring could just be a possible step of the firm's internalization process, rather than the more common, and linear result of the offshoring and backshoring decisions such as offshoring failure, or changes on the firm's competitive and location strategies. The authors confirmed that backshoring is the result of a strategic change more than the correction of a managerial error. Finally, Hartman et al. (2017) concluded based on their research that the primary reasons why companies outsource and insource are similar. They found out that organizations' sourcing strategy depends on factors that would give them a competitive advantage, such as cost minimization, quality improvement, and increased performance and productivity.

Academic research asserts that the most critical processes are often insourced close to the business, and with the advancement in technology bringing home previously outsourced business processes is accelerated. Technology is the enabler that can bridge long distances when it became an issue, and when speed and agility are the essential consideration for companies to gain a competitive sales advantage in the market, and higher transportation costs of locating overseas no longer offset lower labor costs. When it comes to outsourcing, the proximity of the resource plays a part. Twenty-eight percent of IT leaders plan to increase their onshoring spend in the next 12 months, in comparison with only 17% who plan to increase offshoring. The projected increases in outsourcing spend have fallen dramatically to their lowest recorded levels, and only 32% are on par with those seen after the 2008 global financial crisis (Davenport, 2016). The projection is the first-time divergence between technology spend growth and outsourcing spend increase in the last decade had been reported, suggesting that "many organizations are choosing to keep or bring back, technology in-house" (Heneghan, 2018). As organizations drive their digital strategies, many are seeing value in keeping business-critical or innovation-led activities close to home.

The results of the 2016 election in the United States had a disruptive impact on the outsourcing industry (Frazetto, 2018). The new administration's focus on putting American interests first, limiting immigration, pulling out of the Trans-Pacific Partnership (TPP) agreement, and encouraging businesses to invest in American operations had a ripple effect across the tech outsourcing industry, which depends heavily on global talent and overseas operations (Bhayani, 2017). Today the industry is operating

inside a tentative new normal that is putting tech outsourcing in flux. The fear of being penalized by the U.S. government for using resources from other parts of the world has driven many companies to repatriate tech outsourcing. Technology is another disruptive change agent impacting the outsourcing industry. The rapid rise of robotic process automation adoption transforms the business process outsourcing industry (Lacity & Willcocks, 2016).

Outsourcing is one of the most significant sources of employment in India. The industry has been an essential factor in the rise of the middle class in that country. In the years 2016 and 2017, leading outsourcing service providers, such as Infosys and Cognizant, laid off thousands of workers in India and other regions where they had built thriving outsourcing centers (Bhattacharya, 2017). It is a logical trend; the processes that were structured and codifiable enough to move to services outsourcers are the same ones that will be automated and moved back to the client companies from offshoring locations. From robotic process automation (Asatiani & Penttinen, 2016), cybersecurity needs, and artificial intelligence (AI) potential to machine learning, blockchain, and cryptocurrency, there is an overwhelming insurgence of new technologies for businesses to leverage to stay competitive and keep or reshore critical processes previously offshored.

Not too many authors have tried explaining reshoring using explicit theoretical frameworks. Most of the studies done on the topic had been quantitative, with emphasis on dollars and cents, the financial impact, cost imperatives, and the profitability of the chosen decision. The existing literature is focused on the description of manufacturing operations; there has been limited evidence as to what are the contributing factors and

motivation behind reshoring, or the degree to which reversed offshoring is taking place (Srai & Ané, 2016). Few authors had ventured to lay out the qualitative aspect of reshoring, the gap for which my study tried to fill.

Problem Statement

Over the last 25 years, offshore outsourcing, involving not only manufacturing (Fratocchi et al., 2014) but also business functions and services (Albertoni et al., 2017), gained acceptance as a standard business practice, primarily for the cost advantage the outsourcing companies enjoy operating in a lower cost offshore location (Joubioux & Vanpoucke, 2016; Tate & Bals, 2017). Lately, the trend is reversing, business leaders of many companies are moving their manufacturing operations back to home destinations (Barbieri & Stentoft, 2016). As a result, scholars are increasingly interested in the emerging topic of countered reshoring and insourcing activities (Albertoni et al., 2015; Bals et al., 2016; Cabral et al., 2014; Di Mauro et al., 2018; Foerstl et al., 2016); Fratocchi et al., 2014; Fratocchi et al., 2016; Kinkel, 2014; Stentoft et al., 2016; Tate, 2014). The existing literature is focused on the description of manufacturing operations; there has been limited evidence as to what are the contributing factors and motivation behind reshoring, or the degree to which reversed offshoring is taking place (Srai & Ané, 2016).

The specific problem is the high reversal rate of offshore outsourcing decisions previously made by business leaders of large U.S.-based companies in the manufacturing industry that has resulted in the disruption of the supply chain, with negative near-term unfavorable economic impact, and undue strain to the home-based companies' resources

(Gray et al., 2013; Sirkin et al., 2017b; Tate et al., 2014). Reports from several studies suggest that 40% of managers perceive a trend toward reshoring and insourcing activities within 5 years after the initial offshoring decisions (Kinkel, 2014; Tate et al., 2014). For example, discussions amongst scholars have raised questions over whether reshoring and insourcing decisions are driven by the company response to performance shortcoming of the offshored initiatives (Albertoni et al., 2017), the evolution of the firms' competitive and location strategies (Di Mauro et al., 2018), or something else, such as changes in managerial attitudes about the hassles, "hidden" costs, and risks of offshored and outsourced operations (Gray et al., 2013).

Purpose of the Study

The purpose of this qualitative multiple case study is to gain a shared understanding of what factors contribute to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.- based companies. The unit of analysis for the study are leaders and individual program contributors in finance or accounting departments, customer service, sales, and supply management in manufacturing businesses in the United States' western region. Selected participants for each of the departments mentioned were analyzed as individual case studies, and then the data were put together for a collective finding. I used purposive sampling (Gummesson, 1991) to identify qualified interview candidates whose knowledge and expertise of the issues relevant to the research are authoritative and information-rich. I gathered information through semi-structured interviews from five participants from each of the departments mentioned for a total of 20. The sample size of 20 participants is sufficient,

in keeping with the small sample sizes used in qualitative narrative research designs (Lewis, 2015). Data also came from various related organization documents.

Research Question

What are the shared understandings of the factors contributing to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.-based companies?

Conceptual Framework

Conceptual frameworks serve as the linchpin that brings together several related concepts to explain or predict a given event or give a broader understanding of the phenomenon, or a research problem (Rocco & Plakhotnik, 2009). The specific perspective a researcher uses to explore, interpret, or explain events or behavior of the subject, or phenomena being studied, constitutes a conceptual framework (Imenda, 2014). Western manufacturing companies since the early 1990s had been implementing comprehensive strategies of locating their activities in foreign countries or offshoring to maintain or foster their competitive advantage (Contractor et al., 2010). Although offshoring is far from petering out, evidence suggests that in the last decade a countertrend has emerged (Di Mauro et al., 2018). More recently, evidence suggests that managers have started to reverse previous outsourcing and offshoring strategies (McIvor, 2010). As a result, scholars are increasingly interested in emerging reshoring and insourcing phenomena (Ellram et al., 2013; Fratocchi et al., 2014; Hameri & Hintsa, 2009). Literature in the emerging topics of reshoring and insourcing is fragmented, and many questions remain unanswered (Arlbjørn & Mikkelsen, 2014).

Researchers have sought to explain the contributing factors that influence a make or buy and location decisions theoretically (McIvor, 2010), using established theories such as transaction cost economics (TCE) and organizational buying behavior (OBB) theories, to name a few, to explain outsourcing revocations (Handley & Benton, 2013). These drivers, however, have not yet been fully extended to explain, conceptually the reshoring and insourcing strategies of companies, in the context of a reversed offshore-outsourcing decisions (Lampel & Giachetti, 2013). In this study, I applied the conceptual framework proposed by Fratocchi et al. (2016). The goal was to combine the elementary offshoring and backshoring motivations emerging from the case analysis and allow the interpretation of the relocation motivations within the realm of affected companies' purposeful goal-oriented decisions. I exercised careful considerations not to mix the location and governance mode decision drivers, thus ensuring a broader scope of analysis of the event.

Nature of the Study

From the two primary research methods, qualitative and quantitative, I chose the qualitative approach to help me draw meaning, context, and new knowledge from this proposed study (Miles et al., 2014). I selected this approach because I sought a deep understanding and interpretation (Patton, 2015) of the factors that contribute to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.- based companies. I used multiple case study with embedded units research design to gain an extensive focus and a real-world perspective on the "case" (Yin, 2018), and explore a decision or sets of judgments as to why business leaders of an

organization made and implemented the resolution, and what were the results. Leaders and individual program contributors in various functions of the selected company comprised the target population for this study. I analyzed each of the selected participants from the departments mentioned as individual case studies, and then the data were put together for a common finding. I used purposive sampling (Gummesson, 1991) to identify qualified interview candidates whose knowledge and expertise of the issues relevant to the research are authoritative and information-rich. I gathered information through semi-structured interviews from five participants from each group for a total of 20. The sample size of 20 participants is sufficient, in keeping with the small sample sizes used in qualitative narrative research designs (Lewis, 2015), and data also came from various related organization documents.

Definitions

Backshoring: Backshoring is the partial or full relocation of value chain activities (e.g., manufacturing, business processes, functions, or services) previously transferred to an international location back to the company's home country headquarters (Kinkel & Maloca, 2009).

Insourcing: Insourcing is the act of bringing back within the company activities that were previously moved out to an outside supplier (Cabral et al., 2014).

Offshoring: Offshoring refers to the transfer of value chain activities (e.g., manufacturing, business processes, functions, or services) of a company from its home country or headquarters to a foreign or international location (Bals et al., 2016).

Outsourcing: Outsourcing refers to the transfer of a company's value chain activities (e.g., manufacturing, business processes, functions, or services) to external or independent providers who are not part of the company's employee base (Ellram et al., 2013).

Reshoring: Reshoring is the relocation of value chain activities (e.g., manufacturing, business processes, functions, or services) from an international location where it was previously offshored, to a geographically closer location, but still outside of the company's home country of headquarters (Fratocchi et al., 2014).

Assumptions

I made several assumptions relative to the conduct of the present study. The first assumption is that the chosen participants are knowledgeable, experienced, and qualified whose knowledge and expertise of the issues relevant to the research are authoritative and information-rich. I assume that the selected participants are a true representative of the population that I aimed to examine and that they will respond honestly and truthfully to the interview questions. The second assumption is that the survey and interview guide used in the study are valid and suitable and that the interview questions and information are relevant and will be able to address the research problem. The third and final assumption is that the case study as the preferred research design is best suited to be able to demonstrate the complexity of the object of this proposed research and clear up a decision or sets of judgments as to why business leaders of an organization made and implemented the offshore outsourcing reversal decision.

Scope and Delimitations

Revocation by business leaders of previously made offshore outsourcing decisions creates reputational and financial risks to the affected companies. The determination to turn around earlier offshored business activities bringing them back in-house could imply failure, and yet, as reported from several studies, 40% of managers perceive a trend toward reshoring and insourcing events within five years after the initial decision had been made (Kinkel, 2014). Understanding the drivers that influence reshoring and insourcing turnaround decisions is the scope of this study. The results of this study may be generalizable not only on reshoring and insourcing but on outsourcing as well, as the primary reasons for engaging the two strategies are similar (Fratocchi et al., 2016).

The qualitative method was chosen for this research as it is an approach that is best suited to draw meaning, context, and understanding of the factors that might have influenced business leaders to revoke previously made offshore outsourcing decisions. Stakeholders within the company that was impacted by the decision are in the best position to provide meaningful inputs for this research. They are the leaders and individual contributors in finance or accounting departments, customer service, sales, and supply management, the population for this study. Project managers, program integrators, and facilitators will be excluded to insulate the study from bias and self-serving narratives and provide integrity to the results. The purpose of this study is to understand the contributing factors that influence a reversal or revocation of previously made decisions to outsource businesses or processes to foreign subsidiaries or suppliers of a

large U.S.-based aerospace company headquartered in and with multiple locations outside of the United States.

In this study, my goal is to combine the fundamental offshoring and reshoring motivations emerging from the case analysis and allow the interpretation of the relocation motivations based on the affected company's purposeful goal-oriented decisions (Fratocchi et al., 2016). Location and governance mode decision drivers will be segregated to ensure a broader scope of analysis of the events. Also, several theoretical perspectives scholars had previously used in investigating the offshoring and reshoring events will be adapted to classify and analyze the offshoring and reshoring motivations. Product- specific decision elements such as the influence of intellectual property protection and innovation issues will not be investigated in this study.

Business leaders of companies that had executed an offshore outsourcing turnaround are reluctant to discuss the motivations for the decision (Hennart et al., 2002). They generally perceive the revision of location decision as a negative experience (Chow & Hamilton, 1993) as such qualitative exploratory questions had to be competently written to consider the sensitive nature of the topic and be able to draw authentic answers from the participants, increasing the likelihood of transferability when analyzing their responses. The delimitation of this study included the boundaries within related events, which is the revocation of previously made offshore outsourcing decisions and will not necessarily dwell on the motivations of the original location sourcing strategy that the business leaders had earlier executed.

Limitations

There are limitations in this research that could limit the applicability and generalizability of the results of the study. First, I adopted a multiple case study method and performed qualitative data analyses. Although deliberate actions were implemented to enhance the validity and reliability of the results through detailed, and in-depth data collections involving multiple sources of information; and, a comprehensive study protocol, statistical generalization to a broader population is not possible. Second, the study is limited by a small sample size. The study features stories of leaders and individual program contributors in finance or accounting departments, customer service, sales, and supply management from one company in the manufacturing industry. Hence, a generalization of the results of the study to other companies and trades are very unlikely.

Significance of the Study

The purpose of this study is to gain a shared understanding of what factors contribute to the high reversal rate of previously made offshore outsourcing decisions made by business leaders of U.S.-based companies in the manufacturing industry. Understanding the motivation that propels leaders of organizations to go to the extreme of interrupting outsourcing may contribute to management theory and strengthen management best practices in business strategy and may further result in positive social change through the affected companies improved operational performance and profitability. The results of this study may provide new knowledge to influence business leaders to make better outsourcing decisions, before or even after one had been made,

enhancing their ability to cut their losses, or adequately address an unfortunate outsourcing choice.

Significance to Practice

The development of a conceptual framework of the decision alternatives premised on the sourcing decision-making processes by McIvor (2010) and Handley (2012) could help strengthen management practice in producing an effective decision-making process. The results of this study may benefit business leaders in private and public companies, government policymakers, educators, and students as through this research they will understand the pitfalls of making questionable business decisions and strategies. The results of this study could provide new knowledge that could guide business leaders on how to formulate mitigation maneuvers and decisions that could avoid the negative impact of such reversal.

Significance to Theory

Reshoring is a relevant and current topic, mainly that the idea of moving back in-shore previously outsourced manufacturing and business services off-shore was not discussed within most international companies' corporate wall until lately (Barbieri & Stentoft, 2016). Hence, understanding the contributing factors that influence business leaders to turn around and reverse a previously made outsourcing strategy, the scrutiny of unsuccessful stories, and the examination of the reasons why the previous outsourcing decision went wrong, could bring new knowledge, and learning opportunities, and implications for management theory on business strategy, and an efficient management decision process. The findings from the multiple case study that will be used by the

author in the study will lead to a better understanding of the motivation and their implementation practices, and eventually, improve the comprehension of what triggers insourcing decisions of U.S.-based companies in the manufacturing industry.

Significance to Social Change

Understanding the reasons why organizational leaders had to go to the extreme of interrupting outsourcing may further result in positive social change. The knowledge gain from the event could incite affected companies to make critical decisions to cut and minimize their losses, and strategically address an unfortunate outsourcing choice previously made, resulting in long-term improved operational performance and profitability. As firm across all manufacturing sectors is rethinking their outsourcing strategies, there is the potential for a manufacturing renaissance in the United States. Reshoring is considered to be one of the remedies for unemployment (Gray et al., 2013), and could yield a better outcome for the U.S. economy, and the participating companies.

Summary

In this chapter, I discussed the reasons why business leaders would go to the extreme of interrupting previously made offshore outsourcing decisions, despite the stigma attached to such linear revocation of the strategy. I also discussed the impact of changes in U.S. political and economic policies and the advancement in technology in accelerating the rate of repatriation by U.S. headquartered companies of formerly offshored value chain activities back home. This chapter also included the framework of the study, proposed by Fratocchi et al. (2016), combining the elementary offshoring and backshoring motivations emerging from the case analysis that allow the interpretation of

the relocation motivations based on affected companies' purposeful goal-oriented decisions, and not on location or governance considerations. This chapter also contained an overview of the gap in the literature related to the phenomenon and a statement of the research question.

Chapter One was an introduction to the study. Chapter Two will cover information related to the chosen conceptual framework, as well as a literature review and the processes involved in conducting this research. The literature review will include information relevant to the topic on the high rate of reversal of previously made decisions by U.S. headquartered companies to relocate value chain activities offshore and the contributing factors that drive the decision.

Chapter 2: Literature Review

During the last few decades, researchers have seen extensive outsourcing and offshoring of not only manufacturing but also business functions and services from Western economies to low-cost countries in Eastern Europe and Asia (Barbieri & Stentoft, 2016). The hectic pace of offshore outsourcing began to switch directions entering the 21st Century. Within the last couple of years, there has been an increased flow of activities changing course, in the opposite direction, revising or reversing a prior offshore outsourcing decision, and moving back to home destinations or other locations in the world, a phenomenon, known as either reshoring or backshoring. The high reversal rate of previously made offshore outsourcing decisions could be an indication of a problem when they are executed as a reaction to a condition or situation (e.g., bandwagon effect, response to failure), rather than a well-thought strategy aligned with the company's value-adding goals. It is imperative to monitor this current development or phenomenon to understand the motivations better and eventually improve our understanding of what drives the internationalization process of corporations' value chain activities (Barbieri & Stentoft, 2016).

The purpose of this qualitative exploratory multiple case study is to gain a shared understanding of what factors contribute to the high reversal rate of previous decisions made by business leaders in outsourcing business processes to foreign subsidiaries or suppliers, and their correlations to the reshoring and insourcing decisions. To understand reversed outsourcing decisions and motivations, I conducted a comprehensive literature review. The rest of this chapter includes the literature search strategy and conceptual

framework from which I sourced and analyzed the literature. The chapter also includes discussions on the most relevant literature on the topic and ends with a summary of the main points, key findings, and any gap in the literature.

Literature Search Strategy

In gathering relevant literature for this study, I searched databases such as ABI/INFORM Collection, EBSCOhost, Business Source Complete, Emerald Management, and Google Scholar. The following keywords were used individually or in combination: Outsourcing, Outsourcing Reversal, Reversed Outsourcing, Backshoring, Reshoring, Insourcing, Back-Reshoring, Back Sourcing, and Back Shoring. The terms emerged from the literature and were validated by multiple researchers. The searches were limited to published, scholarly peer-reviewed journals in English, issued within the last 5 years. 77% of the articles I referenced in this study's literature review were written between 2013 and 2019 to ensure that conclusions drawn from the literature remained relevant to the current reshoring events and activities. The remaining 23% have been written before 2013, and these consisted of seminal works pertinent to the study.

Conceptual Framework

A researcher uses a conceptual framework as a theoretical approach to bring together several related concepts to explain or predict a given event or give a broader understanding of the phenomenon, or a research problem (Rocco & Plakhotnik, 2009). The specific perspective to explore, interpret, or explain events or behavior of the subject, or phenomena being studied, constitutes a conceptual framework (Imenda, 2014). Western manufacturing companies since the early 1990s had been implementing

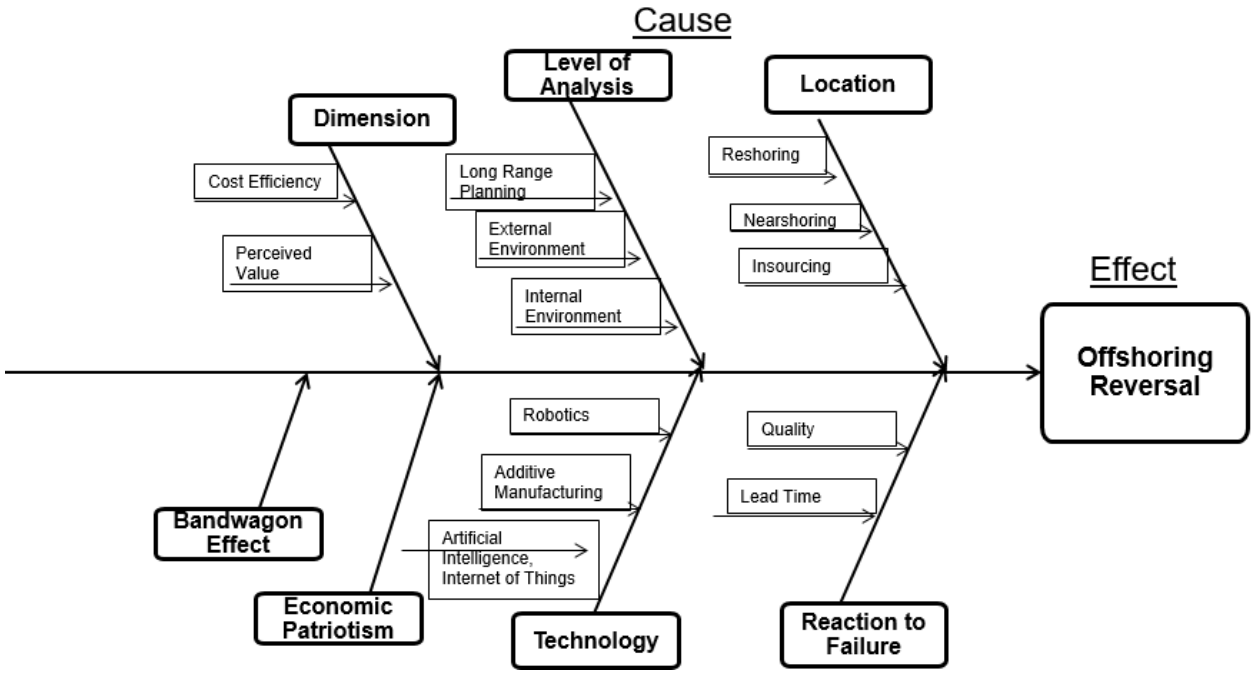
comprehensive strategies of locating their activities in foreign countries or offshoring to maintain or foster their competitive advantage (Contractor et al., 2010). Although relocation remains prominent, evidence suggests that a countertrend has emerged in the last decade (Di Mauro et al., 2018). Outsourcing and offshoring decisions previously made by managers are being reversed (McIvor, 2010), drawing increasing interest from scholars in the emerging phenomena of reshoring (Ellram et al., 2013; Fratocchi et al., 2014; Hameri & Hintsa, 2009). The literature in reshoring is not organized, and many questions continue to beg for answers (Arlbjørn & Mikkelsen, 2014).

Few scholars have used established theories such as TCE or organizational buying behavior theories, to name a few, to explain outsourcing revocations (Handley & Benton, 2013). The cause and effect of offshoring reversal have been the subject of several studies and write-ups with a wide variety of factors that causes the impact of an offshoring reversal (Figure 1), from a reaction to the failure of previous offshoring decision to the bandwagon effect, technology, location, and many more. These factors, however, do not fully explain the reason(s) why companies would reverse previous offshore decisions (Lampel & Giachetti, 2013). In this study, I applied the conceptual framework proposed by Fratocchi et al. (2016), based on the ultimate goal of production relocation (i.e., customer perceived value vs. cost efficiency) and the level of analysis (i.e., internal environment vs. external environment). I combined the elementary offshoring and backshoring motivations emerging from the case analysis and interpret the relocation motivations within the realm of affected companies' purposeful goal-oriented decisions. I also adopted several theoretical perspectives scholars had previously used in

investigating the offshoring phenomenon and apply them to classify and analyze the offshoring motivations. By linking motivations to theories and identifying common traits among different motives, the framework addresses the meaningful interpretation of reshoring causes and motivations.

Figure 1

Cause and Effect of Offshoring Reversal



Literature Review

Offshoring and reshoring motivations are normally investigated as two distinct decisions and occurrences in the present-day academic literature, providing a more in-depth understanding of the two phenomena. The distinction, however, mostly takes away the possibility that the two actions are connected and possibly are part of the company's globalization process. Di Mauro et al. (2018) explored the offshoring/reshoring

interdependencies and posited that motivations for reshoring are different from offshoring with a different set of strategic goals. They also claimed that location and governance mode decision matrix is not necessarily mutually considered, and confirmed reshoring as a strategic decision for change more than a reversal correcting a previously made error. Fratocchi et al. (2014) connected the reshoring decision as part of companies' strategic approach to internationalize their production process and place them in strategic locations. They described the internalization approach in several steps. The first step is the strategic decision to internationalize, then define the governance mode to undertake (make or buy/insource or outsource), and finally, determine the geographical location as it relates to the firm's home location. In these regards, companies could either put their production within their regional jurisdiction (near-shore) or move to manufacture outside the home country, in far/offshore (Ellram et al., 2013). For the second step, companies change their production location strategy, and relocate manufacturing either to a location nearer the home country (near-shore) or take production back to its home country.

Internationalization and Location Choices

Barbieri et al. (2018) provided the latest, most comprehensive, and exhaustive elaboration of the current knowledge on manufacturing reshoring. The authors systematically analyzed and classified research that has been conducted on the topic based on the "5Ws and 1H" (who-what-where-when-why and how) set of questions. The first is the "what," what is reshoring, and what it is not. Several and different definitions of the same term are present in the literature. The dissimilarities of the various interpretations are found in the following aspects: the country where manufacturing

activities were moved to (the country where they originally came from, or the country near it; Bals et al., 2016; Ellram et al., 2013; Stentoft et al., 2016); types of activities that had been moved (manufacturing vs. service activities); and, the governance mode (in-sourcing vs. outsourcing) of the reshored production activities (Arlbjørn & Mikkelsen, 2014; Bals et al., 2016; Ellram et al., 2013; Gray et al., 2013). In general, there has been no absolute consensus as to the most significant features that give rise to the reshoring phenomena, despite the presence of divergent definitions.

The second is the "Who" issue. This issue had been less scrutinized (Barbieri et al., 2018), as it is not clear if the company's preference to reshore is somehow related to its characteristics (e.g., as to its size or the industry it belongs to) and would have influenced the relocation strategy (Canham & Hamilton, 2013; Di Mauro et al., 2018; Fel & Griette, 2017; Gray et al., 2013; Kinkel, 2014). The third is the "Where." This question deals with the geography of the reshoring decision, which country the company is relocating from (host), and which country it is relocating to (home). The question has been investigated mainly in a descriptive way and is focused on very few geographical areas (Canham & Hamilton, 2013; Fel & Griette, 2017; Kinkel, 2014). Fourth is the "When" issue, which has been rarely investigated, as the phenomenon only became relevant in 2000; compared to offshoring activities since the 1990s, reshoring is still considered *recent* (Ciabuschi et al., 2019).

The most investigated issue on manufacturing reshoring belongs to the fifth and last, the "Why" question, which concerns the motivations that drive companies to reshore. As far as the "How" question is concerned, it refers to the decision-making and

implementation process of reshoring, i.e., "how" firms decide to reshore and "how" they put such a strategy into practice. Although this issue had been overlooked, some contributions had been proposed in recent years (Bals et al., 2016; Gray et al., 2013; Hartman et al., 2017; Mugurusi & de Boer, 2013). The focus in reshoring had been on the factors that drive reshoring; recent progress had been made, however, in applying specific explanatory models used in service firm's reshoring pioneered by Albertoni et al. (2017). As this approach in research on reshoring had been recent, few scholars have used the specific theoretical frameworks to explain reshoring.

Barbieri et al. (2019) added a new route to the supply chain shoring debate and expanded the results of an offshoring reversal decision from a linear action of backshoring or reshoring into the two-level path and term the countermove of offshoring to "Relocations of Second Degree" (RSDs), or the location decisions taking two reversal pathways, the "Relocation to the Home Country (RHC)", commonly known as back-reshoring (Barbieri et al., 2019); and, the other, "Relocation to a Third Country (RTC)", or the move to another host country. Specifically, they explored how the location advantages companies gained from previous offshoring decisions impact the location choice for the subsequent offshoring reversal decision. From the descriptive and economic analysis performed by the authors using data from the European Restructuring Monitor of RSDs manufacturing activities across European countries between the years 2002 and 2015, they found that when the previously made offshoring decision was made based on market-seeking location advantage, firms undertaking reversal are more likely to choose for an RHC, except during the economic crisis where market-seeking European

firms seem to prefer RTCs (Barbieri et al., 2019). On the other hand, RTC is more likely to be chosen by firms when the location advantage on the previous offshoring was of the efficiency-seeking type.

Benstead et al. (2017) developed a conceptual framework that considers both why a firm may decide to reshore and how this decision can be implemented. The structure was based on a two-stage approach: (i) deductive development of the conceptual framework based on a systematic literature review and (ii) the refinement or enhancement of the initial framework using case study evidence. Also, a contingency-based perspective was adopted (e.g., Sousa & Voss, 2007) by the authors, encouraged by Bals et al. (2016), as they posited that many of the factors that affect the reshoring process are likely to be context-specific, e.g., industry or product-related. The authors took the systematic literature review from published, scholarly peer-reviewed journals in English with no date restriction applied due to the nascent state of the literature, and to maintain the quality of the articles reviewed; the authors only included those published in journals rated in the ABS Academic Journal Guide. Hence, the final database contains 42 papers published in the years 2007 to 2017 (Benstead et al., 2017). The second stage of the approach was based on a single case study of a textiles firm that has engaged in both captive offshoring and captive reshoring, as defined by Kinkel and Zanker (2013). The textiles (and clothing) industry is highly competitive and characterized by its global supply chains, short product lifecycles, and may, therefore, have significant reshoring potential, despite its labor intensity (Ashby, 2016; Martínez-Mora & Merino, 2014; Robinson & Hsieh, 2016)

The case evidence identified new factors and extended a typology of reshoring decisions proposed in the literature to reflect the dynamic, complex, and incremental nature of the onshore-offshore-reshore location and ownership decision more accurately.

Fratocchi et al. (2014) characterized back-reshoring as part of the dynamics of a firm's internationalization or location strategies. The authors concluded that the foremost reasons for back-reshoring are quality issues and logistic and labor costs, that quality and supply chain issues as significant irrespective of the home and host country. They argued that back-reshoring is more than a mere "correction mechanism" (Kinkel, 2014; Kinkel & Maloca, 2009) but is more of the gradual change in the off-shore environment that erodes the comparative advantages of the location (e.g., labor availability and costs; Kinkel & Zanker, 2013). Finally, the authors recommended that well-thought internationalization strategies, and a successful back-reshoring, should consistently compile the following decision parameters - Motivations (search for cost-efficiency vs. market enlargement), Locations (low-cost vs. capital intensive), and Entry and Governance Models (green-field investments vs. merge and acquisitions or outsourcing).

Authors have come to different conclusions about the reshoring phenomenon. Martínez-Mora and Merino (2014) asserted that the theoretical framework based on international business literature (TCE, RBV, and OLI) sufficiently explains the location choices of firms, including the reshoring phenomenon. To illustrate the lack of available data on reshoring, Martínez-Mora and Merino provided twofold reasons. Reshoring is not usually covered by any obligation to report to official statistics sources; and companies might be hesitant to report on unsuccessful offshoring activities making their

misjudgment known to the public. In terms of reshoring intensity, several authors (Bailey & De Propris, 2014; Kinkel, 2014; Tate, 2014) agreed that only high value-adding products could be manufactured in economies such as the UK, Germany, or the Scandinavian countries. Supply chain rebalancing on other economies will only happen when politics become involved, but might not be sustainable in a free market, as a consequence reshored production will need fewer but more skilled workers, which would require significant policy changes. In the described situation and environment, the United States is more suited for reshoring. The United States has a lower wage differential with China than most Western European countries, where wages remained much higher and thus not competitive with the wages of a Chinese worker.

Nujen et al. (2018) conducted explorative qualitative research on the impact of re-integrating existing and new capabilities after the reshoring decisions had been made, particularly on how the affected firms handled the in-house knowledge and technology requirements brought about by the change. The authors conducted in-depth semi-structured interviews of participants from five companies belonging to two different industry sectors. They aimed to capture the micro-level actions affecting internal strategic moves on the firm level in a Scandinavian context. They found out that the successful transition and re-integration of a reversed outsourcing decision depend on the balance of two main factors; the knowledge that are retained in the organization, and the support and competencies of its management. The authors suggested ways to manage the shrinking knowledge base in firms thinking of shifting away from previously made outsourcing decisions. The writers posit that there are four considerations that would drive the success

of reshoring, namely the outsourcing's length of time, the importance of the knowledge base, management competencies, and how pervasive technology is utilized in the company.

Srai and Ané (2016) examined manufacturing reshoring from emerging datasets from the UK and France, major developed-world manufacturing nations that have experienced significant offshoring in recent decades, and where reshoring is now being actively promoted. In examining the reshoring phenomenon, the authors applied a multi-disciplinary approach (institutional, strategic, and operations management) due to the active involvement of institutions in promoting reshoring activity suggesting institutional factors can be significant in combination with the more traditional drivers of location decision considered in strategic and operations management. The authors found out that from an institutional perspective, the offshoring/reshoring decision is a policy focus. In contrast, firms consider proximity to markets and resources as more relevant drivers of location decision, rather than home market mindset driven by government initiatives.

Tate and Bals (2017) provided a conceptual framework for "shoring" decisions along two dimensions – geographical, and governance, and expanding the areas of focus from the traditional outsourcing/insourcing and offshoring/reshoring dynamics to include "rightshoring." Thus, companies may consider the make (e.g., owned subsidiary, branch, acquisition, local presence) or buy (e.g., third-party provider, direct offshore provider) as well as the geographical (onsite, offsite, nearshore, offshore) dimension. Still, in the end, they may stay domestic, which helps to clarify that a "rightshoring" decision can, but does not necessarily have to include an element of geographical shift. Also, while staying

domestic, they could still outsource an internal activity moving from a "make" to a "buy."

Supply Chain Factors

Barbieri and Stentoft (2016) articulated that reshoring is closely related to supply chain innovation as reshoring necessitates changes and modification in the supply chain setup, structure, and processes. Reshoring implies the replacement of existing relationships, and the reconfiguration of the company's business processes, and organizational structure, internally and externally. Automation and adoption of new production technologies (e.g., additive manufacturing) can significantly improve production efficiency, product manufacturability, and reduce the firm's dependence on low-cost production offshore production locations, making reshoring decisions viable and preferable options.

Carbone and Moatti (2016) expounded that offshoring and backshoring (or reshoring) are more than a linear, two-step decision path but part of the supply chain that companies need to consider in a make or buy strategy, in a global context (Brennan et al., 2015). The authors related the supply chain (SC) principles to offshoring and backshoring decisions through six foundational premises. First, that offshoring and backshoring decision affect the SC network of agents and actors, its density, and the positioning of the network's nodes and links. As an example, manufacturing location impacts the geographic positioning of the manufacturer's suppliers, and customers, moving one agent (manufacturer) in the complex network affects the nature and location of its links. Second, the SC network had to be reconfigured on account of the offshoring and

backshoring decisions. Third, offshoring and backshoring decisions depend on the specific context of product, industry, time, location, and actor. Fourth, physical and support SC are to be considered in offshoring and backshoring decisions. The supply chain comprises not only traditional flows; physical, information, and financial, but also the less considered support chain (e.g., business, and insurance companies; and logistics companies - carriers, forwarders, brokers). Fifth and sixth, offshoring and backshoring decisions affect the company's visibility and impact on the supply chain. It has been suggested that backshoring reduces distances and therefore extends the visible horizon of the focal company, increasing its influence on the SC, its output, and performance (Kinkel & Maloca, 2009).

Supply chain-related factors as the primary contributor dominate the discussions on what drives the reshoring decisions. Fratocchi et al. (2016) expounded on several supply chain-related factors that motivate companies to reshore: cost efficiency and customer-perceived value. Firms reshore when costs and efforts to manage the internationally spread-out supply chain are too high and find alternative access to low-cost production. Or to satisfy customers' requirements for quality and service, and quickly react to market changes.

Fratocchi et al. (2016) conducted a study to understand the motivations for reshoring. The authors laid out some vital theoretical approaches to an international manufacturing location. The authors recommended a critical framework to analyze the contributing factors that led companies to reshore. They outlined the motivating factors and explained their significance to the reshoring decision using the theory-driven

conceptual framework. Also, the authors supported the emergence and relevance of reshoring by providing their analysis from a vast collection of data and information of reshoring cases they accumulated from secondary sources, e.g., newspapers and magazines.

The authors adopted the fundamental theories used in reshoring studies to explain why companies relocate their manufacturing operations elsewhere, namely, the internalization theory, international trade theory, transaction cost theory, and resourced-based theory. The internalization theory explains that the limited, firm-specific, and knowledge-based resources and capabilities determine a company's decision to internationalize its operations, and the likelihood for firms to reconsider reshoring would depend on the home country's success in filling up the gap on the advantage the host country enjoys on resources and capabilities. International trade theory, transaction cost theory, and resource-based theory advocate the importance of the differences in the availability of production cost factors as essential determinants of reshoring decisions.

The authors contended that two conditions define a reshoring decision, the first is the goal, and the second, is the level of analysis. The "goal" has two facets – "customer perceived value" vs. "cost efficiency." Customer perceived value pertains to how the customers see reshoring to have met their goals and situation regarding the reshoring decision's attributes on product, performances, and consequences. Favorable costs to manufacture and lower logistic costs define the cost-efficiency goal. The other aspect, the level of analysis, also has two facets – internal environment vs. external environment. Internal, motivation factors that are specific to the companies making the reshoring

decision, and external, relates to a condition that impacts the home or host countries, or the motivation factors that are distinct to the nations, by determining the prevailing attributes of the reshoring motivation and associating that basis to theories, the framework leads to a better understanding of the elements of reshoring. The framework provides a clear understanding of the specific designation of reshoring, from the perspective of the eventual goal of manufacturing relocation, which is either through perceived customer value or the cost efficiency of the decision, and whether relocation is impacted by the environment (internal vs. external), or its level of analysis.

Stentoft et al. (2016) conducted a systematic review of the extant literature from current research published in peer-reviewed international scientific journals, consisting of 20 articles published from 2009 to early 2016 on the relocation of manufacturing in terms of backshoring (Stentoft et al., 2016). The authors identified 25 factors that are relevant for backshoring decision-making and categorized them into 7 clusters that influence the decision to move production back. These clusters are cost, quality, time and flexibility, access to skills and knowledge, risks, market, and other factors. The authors highlighted that the most commonly mentioned factor for moving to manufacture back among the 20 selected research articles was the changing costs of operations. Issues included increasing labor costs, rising logistics costs, eroding cost advantage, higher-than-expected coordination efforts, and transaction costs, miscalculation of the actual energy costs, productivity differences between locations, and the need for small production runs. Thus, the cost is a significant consideration for moving manufacturing, not only for offshoring but also for backshoring.

Stentoft et al. (2016) compared the practice of offshoring and backshoring of manufacturing from a supply chain innovation perspective. Based on the analysis of the results of a questionnaire-survey in Denmark on the relocation of production, they found that companies that reshored their manufacturing activities invested more in manufacturing innovation, and to a higher degree have reconfigured their manufacturing resources as compared with companies that have moved their production outside of Denmark and with companies that maintain their manufacturing operations domestically. The authors posited that investment in manufacturing technologies pays off to keep manufacturing locally or to backshore manufacturing in the home country.

Vanchan et al. (2018) explored the reconfiguration of global production with a focus on the reshoring or backshoring of manufacturing production to the United States. and the United Kingdom. Their intention was to identify the reasons driving reshoring and used them as the building block toward the development of a dynamic conceptual framework to understand the global organization of production. Part of the focus of their study is on the exploration of the scale of the process in reshoring, identifying what is being reshored, understanding the drivers, and exploring some of the methodological and conceptual difficulties of researching reshoring, and global value chain (GVC)/global production network (GPN) dynamics. The authors lamented that the focus of the GVC/GPN debate is significantly at the level of the firm and on corporate strategy, governance, value, embeddedness, and power (Coe & Yeung, 2015) that there has been a relative neglect of understanding of the more operational intrafirm aspects of global production, or in understanding what production tasks, processes, functions are

undertaken within and between firms and in specific locations (Bryson & Rusten, 2011). Reshoring is the return of a task that had been previously offshored from a specific country, but the task may be transformed in some way, as may be the outcome of the task. Reshoring might involve a change in the delivery of a task that still produces the same outcome. Alternatively, the routine remains the same, but the product has altered, and this might be a qualitative alteration, for example, a place-based association that is "Made in America." The qualitative aspect of reshoring is currently largely ignored in the GVC/GPN literature.

Both offshoring and reshoring are complex processes; a task that is reshored might produce the same output, but not necessarily using the same routines; labor-intensive routines are digitized and mechanized, but the output remains unchanged, which could reflect a quantitative alteration (cost, profit margin, and price). Alternatively, the routine remains the same, but the nature of the output alters qualitatively (quality, and intangibles including place-based associations—for example, "Made in America", and speed/closeness to market). Outsourcing that is also offshoring involves a negotiated contractual agreement that locks the company into a relationship for a designated period, which implies that captive outsourcing involving foreign direct investment (FDI) may be less susceptible to reshoring as compared to outsourcing to a third party. Outsourcing that is also offshoring and market seeking will be more resistant to reshoring, but not to labor substitution.

On reshoring in the United States, the author concluded that the emphasis placed by the U.S. government on American-made goods resonates with customer preferences

for products that are American-made by domestic workers. The emphasis placed on "Made in America" is one of the motivations for some companies to reshore part or all their production processes (Cowell & Provo, 2015). Also, that reshoring activity is sector dependent being more pronounced in sectors that are consumer-driven, where rapid delivery and response time, customization, quality, and production flexibility are critical. The internal and external push and pull causal drivers and factors behind the United States. are qualitative and quantitative drivers. Qualitative drivers that include lead time, quality, and wage issues are the most cited push factors, followed by quantitative drivers including rising transportation, communication, inventory, and delivery costs; environmental concerns; intellectual property risk; supply chain management issues; regulation and compliance challenges; political instability; emergency response, and natural disasters. American companies benefit from access to a single integrated market and a political environment that has been encouraging reshoring through, for example, alternative energy sources and “Made in the U.S.” campaigns. Reshoring in the United Kingdom, on the other hand, involves investment in machines rather than employing many workers, and that the increasing evidence of reshoring in the United States is more pronounced than in the United Kingdom.

In the late 1990s and early 2000s, companies made a significant push to move production to low-cost countries like China, as the economic gain from offshoring from the United States is substantial compared to coordination and logistics costs of offshore production (Shih, 2014). The negative impact of hidden costs was ignored. Since then, the closing of the gap has shifted the equation, particularly in the United States-China

linkage. The shift has led to talk of manufacturing renaissance and predictions of a massive offshoring reversal and the return of manufacturing jobs to the United States. Outside the automotive sector, assembly work has been slow to return. Shih (2014) conducted research to look into the reasons why assembly work has been slow to return as he was interested in finding the extent to which this situation was a consequence of loss of supplier infrastructure versus a more general loss of capabilities in a workforce. The author found out that rebuilding the supplier ecosystem that was lost when companies moved production offshore is an essential factor to consider for the repatriation to succeed, as well as the development of people, skills, and organizational capabilities to make the most of closeness to the market in the United States.

Offshoring Correction

Going-concern companies that reversed their previous outsourcing decisions be it onsite/offsite or onshore/offshore, had to contend with the aftereffect of the interruption, which is the reintegration of activities formerly delegated to external providers. The reinstatement or reincorporation of activities that were previously outsourced costs companies financial drain and creates organizational difficulties. Cabral et al. (2014) analyzed some factors that might influence the reintegration decision and the reason companies interrupt outsourcing. The authors used a single case study concerning the reintegration of industrial maintenance activities in a metallurgy company in which outsourcing was discontinued after more than a decade of the contracted activities. The authors found out several reasons why companies would reverse their previous outsourcing decisions and go through the arduous tasks of reintegrating those activities

back into their organizations, such as outsourcing failures due to contract disputes, and unsuccessful outsourcing processes. Other factors also emerged from the data they collected, i.e., bandwagon behavior adopted by companies going through the original outsourcing decision, even if outsourcing did not result in complete failure.

Ciabuschi et al. (2019) offered an alternative point of view in looking at the reason why manufacturing reshores, not based on economic arguments, but on the behavioral belief that reshoring is a strategy to manage risk when companies internationalize. The authors suggested that risk control is one of the reasons why manufacturing leaders decide to reshore, with their perception of risks as a critical determinant of the decision. The authors proposed that four premises drive companies to pursue manufacturing reshoring. The first deals with resources, their availability or limitations; the second is a reshoring learning curve; the third is the managerial aversion or apprehension to various categories of risks, e.g., home and host country; lastly, the specific threat posed by undergoing the process of reshoring.

Kinkel (2014) employed German data from the European manufacturing survey (EMS) and performed a time-series analysis of the data to understand the motivations behind the emergence of back-shoring decisions by German manufacturing companies. The data were collected from the EMS survey, which included around 1,450 to 1,650 answers of German manufacturing companies in each study round. The distribution of the sample was representative of the primary population of all German manufacturing companies. Based on the analysis performed on the collected data, the author found that a backshoring action counters every fourth to sixth offshoring activity within 2 to 5 years,

the implication is that backshoring seems to predominantly serve as a short-term correction of prior location misjudgments (Kinkel & Maloca, 2009). The author estimated that 20% of German companies' backshoring decisions might be characterized as mid-term or long-term reactions to a changing local environment and its location advantage, whereas 80% can still be characterized as a short to mid-term correction mechanism. The author further found out that quality issues and high transport and logistics costs are more critical for backshoring decisions from foreign suppliers (outsource backshoring), while high coordination efforts show higher relevance for backshoring activities from own international production plants of the company (captive backshoring).

Wiesmann et al. (2017) researched reshoring aimed at clarifying the concept of reshoring and its main drivers based on academic literature in the form of a systematic literature review. They collected data from 22 peer-reviewed journal papers from the field of business administration/management, with the earliest article published in 2009 and the last documents in 2015 (Wiesmann et al., 2017). From the data collected and the analysis conducted, the authors identified the conceptual framework of a reshoring decision highlighting the drivers and barriers that could incite or inhibit companies to reshore. The authors also provided an overview of existing theories that form the theoretical foundation of reshoring.

Wiesmann et al. (2017) classified essential factors for the reasons why companies reshore into five dimensions: global competitive dynamics, host country, home country, supply chain, and firm-specific, and opined that among the mentioned factors, two main

themes stand out. The first is that the original offshoring decision was often over-hasty, and the second is that the reshoring decision is highly complex. The authors highlighted that it is vital to make reshoring decisions based on a broad and dynamic decision model.

Home-Country Incentives

Grappi et al. (2018) brought into the reshoring discussions the sentiments and impact of a largely ignored group of stakeholders, the home-country consumers, and the vital role they play in the company's reshoring decision process. The authors adopted a demand-side outlook complementing the existing firm-side perspective (Canham & Hamilton, 2013; Dachs et al., 2019; Ellram et al., 2013; Fratocchi et al., 2016; Gray et al., 2013; Kinkel, 2014; Kinkel & Maloca, 2009; Martínez-Mora & Merino, 2014; Nujen et al., 2018; Wu & Zhang, 2014). They developed a consumer reshoring sentiment (CRS) scale through multiple studies conducted on consumers (total = 1149) in two countries. They found a link between CRS and consumer willingness to reward the reshoring company. They identified the underlying beliefs consumer has about reshoring (i.e., the superior quality of the reshored production, "made-in" effect, competency availability, government support, more exceptional ability to fulfill needs, and ethical issues in host countries), and suggested that together with the cost and resource-based considerations identified in previous international business research, companies consider the consumer reshoring sentiment.

Wan et al. (2019) explored the impact of home-country-related factors contributing to reshoring decisions made by companies that reversed their previous offshoring internalization strategy. By using a dataset of 529 cross-industry reshoring

projects performed by companies headquartered in five countries (i.e., United States, Germany, United Kingdom, France, Italy), the authors performed analytical analysis (chi-square test, binary logistic regression models, and a multinomial logistics analysis), and adopted three theoretical perspectives (institutional, cultural/cognitive, and industry/resource-related views) to understand the influence of the home country on internalization processes. From the results of the analysis, the authors were able to demonstrate that reshoring projects significantly differed in terms of industry, entry mode, firm size and motivations across the analyzed countries and that the patterns and behaviors of reshoring projects are different across the countries. In this connection, the authors were able to confirm the following findings: (1) Italian reshoring projects are more likely in the sectors of clothing and electronics; (2) German reshoring projects are more likely to belong to large size companies; (3) German reshoring projects are more likely to adopt an equity entry mode; (4) Italian reshoring projects are less likely to be motivated by delay in deliveries and German reshoring projects are more likely to be driven by quality issues.

On the institutional view, the authors deduced that institutional influences in the home country might directly or indirectly influence various aspects of reshoring, including, propensity, intensity, form, and performance. In their findings, government incentives provide the most direct example of this influence; they observed that correctly, in the United States, the government incentives variable is significant and positive. As far as the cultural/cognitive perspective, the authors associated the entry modes as the more directly associated with culture. The authors concluded that the institutional,

cultural/cognitive, and industry-and extended resource-based views were confirmed to be able to interpret the phenomenon of offshoring and reshoring, especially if the interplay between the corresponding factors is considered.

Ui-Jeen Yu and Ji-Hyun Kin (2018) examined the performance-based economic productivity of fashion-based and seasonal products based on where they are sourced, offshore vs. reshore. The authors argued that fashion merchandise and seasonal products, marketed as "Made in USA," are financially profitable when domestically produced in the United States, considering that the demand for these kinds of products are uncertain and seasonal inventory planning error or keeping inventory over the need for the products, is likely to happen, as well as keeping the wrong assortments of fashion merchandises that could quickly go out of style due to the seasonality of the products' demand.

Quality Concerns

Arlbjørn and Mikkelsen (2014) added to the reshoring discussions size factor as specific driver for the reshoring decision. They differentiated between different sizes of firms, claiming that medium and large-sized firms look for automation options at the home location when they experience cycle and lead time issues. The same may not be applicable for small companies, as they tend to be constrained with limited resources to automate their production. Small companies are likely to refrain from moving their manufacturing back to home country because of resources constraint, while large companies avoid reshoring because of problematic past decision-making processes and erroneous information and communication dynamics. Arlbjørn and Mikkelsen (2014)

recommended three areas for further research on reshoring; longitudinal study on globalization strategies, differentiated by company size, the extent of automation in home country; and ambidexterity, or the interplay of companies' allocation and use of resources in daily operations contrasted with the development and supply chain innovation in the organization.

The reshoring debate is centered mostly on what motivates companies to reverse their previously made offshoring decisions, aspects as to the other questions on when, where, and how reshoring had to be taken into consideration as well. Some authors posited that reshoring is a direct offshoot to a previously failed offshoring (Canham & Hamilton, 2013; Ellram et al., 2013; Fratocchi et al., 2014; Gray et al., 2013; Kinkel, 2014). Kinkel (2014) mentioned that 15 years of research in Germany showed a clear reshoring trend (a reshoring trend of 400 to 700 German firms each year), that German companies' reshoring activities occurred within a period of 2 to 5 years, based on a time-series analysis (Kinkel, 2014). Also, only 20% of all reshoring decisions by German companies could be classified as mid-term or long-term strategic reactions following the dynamics of changes at home and abroad. The conclusion derived from the results of the analysis is that the previous offshore and the subsequent reshore activities are directly correlated and that reshoring serves as a short-term correction to counter past misjudgments (Kinkel & Maloca, 2009). Martínez-Mora and Merino (2014) opposed the correlation based on their study of the Spanish shoe manufacturing industry, which did not indicate that reshoring is connected to an offshoring failure. In all the cases they examined, the reshoring decision was disconnected from the other offshoring decision.

Reshoring was primarily triggered by changes that could not have been foreseen when the offshoring decision was made. It is worthy of mentioning that the majority of authors and thinkers in the reshoring debate are in line with Kinkel (2014), they acknowledge reshoring's correlation to previous offshoring decisions.

Bals et al. (2015) argued that backshoring is gaining increasing momentum as companies bring back their formerly offshored products and processes. According to a study by PwC, the European backshoring rate topped the offshoring one in 2013 as 60% of the examined companies had backshored products and processes and only 55% offshored (Bals et al., 2015). In Germany, every fourth to a sixth company that has offshored then reshores within the next five years, summing up to 400-700 companies per year (Kinkel, 2014). Simultaneously, offshoring activities are on a record low (Dachs et al., 2019). For some companies, offshoring might continue as an appropriate strategy, while for others, the disadvantages dominate as offshore locations lengthen their delivery times, increase capital tied up in safety stock, and open up the company to uncontrollable quality issues.

Zhai et al. (2016) investigated the motivation and industry distribution of American companies in China that moved their production back to the United States from 2009 to 2015 (Zhai et al., 2016). The research was based on archival studies of 139 cases. The authors concluded that quality is the primary factor that drives the companies to reshore, and not the rising labor cost in China. The data also revealed that different industries subscribed to the same motivation and that based on regression analysis, the most likely reshored production activities are the ones serving the United States' market.

Cost of Operations

Ferrucci and Picciotti (2017) conducted research on back re-shoring strategy using cases of some Italian enterprises. The results of their study confirmed the common assertion from a large part of academic literature that back re-shoring is an effective strategy employed by companies to reduce production and logistic costs, and to raise the quality of the products previously manufactured offshore (Ciabuschi et al., 2019). In addition, the authors highlighted a country-specific and industry-related Italian perspective, that in the traditional industries of the Italian economy, the back-reshoring is determined not so much by economic factors, but instead by intangible assets as manufacturing skills, the strong propensity in artisan workmanship, and the high capability to transfer innovation in a cross-sectoral logic, achieving the introduction of new products and the improvement/adaptation of existing products (Bettiol & Micelli, 2014). The authors concluded that within the Italian context, the firm's links with its home territory and the consequent ability to generate new knowledge and new skills are essential factors that may affect the location decisions of firms and determine the return of other manufacturing activities and that the back-reshoring strategies represent a communication tool, a marketing approach through which the positive impact and the competitive advantage that the Made in Italy can generate, particularly in foreign markets, is enhanced.

Tate et al. (2014) introduced a new concept into the reshoring debate; they called it "factor market rivalry." They suggested that the term describes and causes the move away from the formerly low-cost production location to either other low-cost countries

(Tate, 2014) or near the customer/market's geographical jurisdictions. Factor market rivalry occurs when the conditions for manufacturing in a host (low-cost) country changes on account of the increasing presence of companies sourcing from the same scarce and limited resources in that country. By force of the nature of supply and demand, costs elevate, not the least human labor, as well as other factors as logistical constraints and transportation capacity (Tate, 2014).

Automation and Technology

Ancarani et al. (2019) performed an analysis to find out what are the competitive priorities that reshoring companies consider that may lead them to adopt new technologies. The authors developed and tested their analysis using secondary data from 495 relocation initiatives to Europe. Based on the results of the investigation, the authors found out that when the firms' priorities are high quality and cost reduction that is tied to non-conformance, reshoring is associated with the adoption of industry 4.0, but not when the reshoring initiatives prioritize the reduction of direct costs or responsiveness.

The prevalent research themes on reshoring are focused on the motivation factors or drivers that influence the reversal of previously made offshoring decisions. The research streams identify factors that influence reshoring, including, but not limited to labor and logistics costs (Kinkel, 2014; Tate, 2014; Tate et al., 2014), quality problems (Arlbjørn & Mikkelsen, 2014; Gylling et al., 2015), delivery and lead-time issues (Fratocchi et al., 2014; Kinkel & Maloca, 2009), increased supply chain risks (Kinkel & Maloca, 2009; Tate et al., 2014;), lack of proximity to R&D resources (Kinkel, 2014; Mudambi & Venzin, 2010; Stentoft et al., 2016), home country incentives (Wan et al.,

2019), automation and technology (Ancarani et al., 2019; Ancarani & Di Mauro, 2018; Dachs et al., 2019; Nujen et al., 2018;), 'made in' effect (Ui-Jeen Yu & Ji-Hyun Kim, 2018), and emotional elements (Orzes & Sarkis, 2019) or the intangible elements of home country loyalty. Orzes and Sarkis (2019) suggested that environmental sustainability is also a reshoring motivation.

Dachs et al. (2019) considered technology as a driver for backshoring (or reshoring), although technology-related factors like the loss of know-how or the vicinity of production to R&D seem so far to be less important for manufacturing companies' backshoring activities (Ancarani & Di Mauro, 2018; Ancarani et al., 2019; Arlbjørn & Mikkelsen, 2014; Bailey & De Propris, 2014; Bals et al., 2016; Canham & Hamilton, 2013; Dachs et al., 2019; Ellram et al., 2013; Foerstl et al., 2016; Fratocchi et al., 2014, 2016; Gray et al., 2013; Kinkel, 2014; Kinkel et al., 2018; Kinkel & Maloca, 2009; Tate et al., 2014; Wu & Zhang, 2014), the authors are convinced that the new digital manufacturing technologies, known as industry 4.0 (I4.0) or the internet of things (IoT) would support reshoring. I4.0, they argued, can provide higher productivity and flexibility, and can compensate labor cost advantages of offshoring locations, incentives that could convince firms to locate production close to their European customers. The authors investigated the relationship between reshoring of production activities and I4.0 and conducted an empirical test based on a large dataset of 1,700 manufacturing firms from Austria, Germany, and Switzerland. The authors found that based on descriptive statistics as well as regression results from the test, that there is an indication of a positive

correlation between the adoption of I4.0 technologies and companies' reshoring disposition.

Dachs et al. (2019) studied backshoring from a large sample of European manufacturing firms aimed at presenting cross country quantitative data on backshoring from the most significant European survey on technical and non-technical process innovations in manufacturing, the European manufacturing survey (EMS), with particular emphasis on the motives for backshoring for different host countries, different firm sizes and sectors, including an analysis on a firm level, where the authors analyzed backshoring propensity and its relationships with regression analysis. Based on the data collected, the authors interpreted that backshoring is still uncommon among European Firms, with only 4% of all firms sampled that have moved production back to the home country between 2013 and mid-2015 (Dachs et al., 2019). The authors found that the frequent reasons for backshoring are the loss of flexibility, a lack in quality of the goods produced abroad, and unemployed capacities at home, that flexibility, and quality concerns are, in particular, relevant for firms that move production back from Asian countries, that backshoring is most likely for manufacturers of final products and in high technology sectors, in particular in electrical equipment, information and communications equipment, and the Automotive industry.

Environmental Sustainability

The clothing industry in the United Kingdom has experienced heavy offshoring of manufacturing, which has caused various supply issues and challenges, including many relating to sustainability. Ashby (2016) conducted an in-depth longitudinal single case

study using a social lens to explore how reshoring could address sustainability. In this study, Ashby (2016) employed the social network theory (SNT) to examine the reshoring decision-making process, through the use of a relational, qualitative approach to understanding the interaction amongst the supply chain participants, with a focus on the types and strengths of their relationships and on how they influence and provide context to the reshoring decision. The findings of the study emphasized the importance of more complex informal governance, and socially complex, long-term relationships in developing and managing a sustainable supply network, which could result in a localized supply chain and long-term collaborative supplier relationships, integral in achieving the companies' sustainability principles and commitment to their employees, products, and the environment.

Orzes and Sarkis (2019) argued that the massive trend of offshoring manufacturing activities to suppliers in low-cost countries with less restrictive regulatory policies and compliance could have shifted environmental sustainability issues to their foreign suppliers without solving them. The authors contended that although the role of environmental sustainability is less understood or even ignored, environmental sustainability might play a significant role affecting governance mode, location choices in a home country, what production processes to adopt, the types of technology to be implemented, and potentially dozens of other questions. They emphasized that there is a need to shed light on environmental sustainability performance effects of reshoring or, in general, global supply chain reconfigurations. This sustainability performance may be at firm, supply chain, national and global levels. Although some nascent research exists at

the firm level (e.g., Ashby, 2016); supply chain, country, and global level analyses are unexplored.

Summary and Conclusions

Reshoring, backshoring, reversed offshoring, turning around an earlier offshored activity back home are perceived to be a contradiction of will, determination, decision making, and strategy of companies who made the previous decision by moving their products, manufacturing, processes, and activities in another country away from their home base. Understanding the drivers that influence the turnaround decision would be of importance in establishing a framework, standard, or model that can guide businesses on how to make the case for a strategy that will disrupt their operations, processes, and activities moving them out or back to their home countries. Making the move without a plan or not knowing all the ramifications of such a decision could be catastrophic, and its negative impact could devastate the establishment, financially and emotionally.

The issue of delineating the specific motivation for reshoring decisions continues to persist. Offshoring and its subsequent reversal are normally investigated as distinct and separate decisions and strategies, providing a more in-depth understanding of the two phenomena separately. But it could be argued that the two actions are connected, and possibly are part of the companies' globalization process, that reshoring is a strategic decision for change more than a reversal, correcting a previously made error, that it's a part of companies' strategic approach to internationalize their production process and place them in strategic locations (Di Mauro et al., 2018). Reshoring could be the normal extension of the law of supply and demand, when the conditions for manufacturing in a

host (low-cost) country changes on account of the increasing presence of companies sourcing the same scarce and limited resources in that country, by force of the nature of supply and demand, cost elevates driving a decision to seek business somewhere, either back to the home country or to other countries to get back to an equilibrium in cost parity (Tate et al., 2014). Technologies drive offshoring, but it is also considered as a driver for backshoring (or reshoring) as well. Many authors are convinced that the new digital manufacturing technologies, known as industry 4.0 (I4.0), or the internet of things (IoT) would support reshoring, they argued that technologies provide higher productivity and flexibility and can compensate back cost advantages of offshoring locations (Ancarani et al., 2019; Ancarani & Di Mauro, 2018; Arlbjørn & Mikkelsen, 2014; Bailey & De Propris, 2014; Bals et al., 2016; Canham & Hamilton, 2013; Dachs et al., 2019; Ellram et al., 2013; Foerstl et al., 2016; Fratocchi et al., 2014, 2016; Gray et al., 2013; Kinkel, 2014; Kinkel et al., 2017; Kinkel & Maloca, 2009; Tate et al., 2014; Wu & Zhang, 2014). Economic patriotism or the "made-in" effect could bolster the drive to bring back previously offshored businesses back home. This is particularly true in Italian enterprises where backshoring were employed by Italian companies to revise the quality of the products previously manufactured offshore (Ciabuschi et al., 2019). The political will in the United States is geared towards reshoring, as reshoring is considered to be one of the remedies for unemployment (Gray et al., 2013). Current events and the grave impact of the coronavirus pandemic would likely escalate decisions to bring pharmaceutical manufacturing back to the United States.

Few authors have yet to apply specific theoretical frameworks to explain reshoring. Most of the studies done on the topic had been quantitative, with emphasis on dollars and cents, the financial impact, cost imperatives, and the profitability of the chosen decision. Few authors had ventured to lay out the qualitative aspect of reshoring, the gap my study tried to fill. In this connection, I chose the qualitative method to draw the meaning, context, and understanding of the factors that might have influenced business leaders to revoke previously made offshore outsourcing decisions.

The next chapter contained the methodological aspects of this study. Chapter four showed the actual findings. Chapter five included conclusions and recommendations for future research based on the results of this study.

Chapter 3: Research Method

The purpose of this qualitative multiple case study is to understand the contributing factors that influence manufacturing business leaders of U.S.-based companies to reverse previously made offshoring decisions and reshore at a high reversal rate. Most of the studies done on the topic had been quantitative, emphasizing dollars and cents, the financial impact, cost imperatives, and the profitability of the chosen decision. Few authors had ventured to lay out the qualitative aspect of reshoring, the gap that my study tried to fill. The qualitative method was chosen for this research. It is an approach that is best suited to draw meaning, context, and understanding of the factors that might have influenced business leaders to revoke previously made offshore outsourcing decisions. The multiple case study research design was employed to gain an extensive focus and a real-world perspective on the "case" (Yin, 2018) and explore a decision or sets of judgments as to why business leaders of an organization made and implemented the resolution, and what were the results.

This chapter of the study contains information on the research methodology. It provides descriptions of the research design and rationale, the researcher's role, the instrumentation used, the process of participant selection, data collection methods, and data analysis. The chapter also outlines the ethical guidelines that were adhered to, and the proper procedures used to ensure the study's validity and reliability.

Research Design and Rationale

The research question for this study is "What are the shared understandings of the factors contributing to the high reversal rate of previous offshore outsourcing decisions

made by manufacturing business leaders of U.S.- based companies?" Understanding the factors that incite leaders of organizations to go to the extreme of reversing previous offshoring decisions may strengthen management best practices in business strategy and may further result in positive social change through the affected companies improved operational and financial performances. The results of this study may provide new knowledge to influence business leaders to make better outsourcing decisions, before or even after one had been made, potentially cutting their losses, or turn around an unfavorable outsourcing choice and make it better.

I chose the qualitative research method to conceptualize and carry out this study. Qualitative research is holistic, empirical, and empathetic (Stake, 2010); its concern is with the study's process and context. It is interpretive and concentrates on gaining meaning and understanding in building concepts and theories (Miles et al., 2014). It creates data and information that is descriptive of people's experiences in their own written or spoken words and observable behavior (Taylor et al., 2016). As such, it is the most appropriate approach to draw meaning, context, and new knowledge from the study, in search of an answer to the central research question on what are the shared understandings of the factors that contribute to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S. based companies.

Conversely, the quantitative research method is an approach that calculates the outcome from specified inputs and outputs. It involves deductive testing, empirical measurement, and statistical analysis of a previously hypothesized relationship that may exist between identified variables (Lach, 2014). Finally, quantitative research lacks the

contextual, historical, and environmental consideration (Parker, 2014) gain from a study. It is more likely appreciated for its precision (Winter, 1998); hence, it would not do justice to what I set to accomplish in this research.

The multiple case study is the preferred research design study, as it captures the complexity of the object of this proposed research (Stake, 2010). It clears up a decision or sets of judgments as to why an organization's business leaders made and implemented the decision and what were the results (Schramm, 1971). Case study designs are used to describe and understand the characteristics of a bounded situation through the collection, analysis, and triangulation of multiple data sources within and across the cases and the units of analysis, appropriately matching the central research question of this study.

The Delphi study (Linstone & Turoff, 1975), conversely, was not the chosen design for this qualitative study, as it would involve multiple rounds of data collection and analysis from a panel of stakeholders who have a keen interest and expertise in the topic. The outcome is the consensus among the panelists that can be thought of like a jury of experts (Alexander & Serfass, 1999). I aimed to draw meaning, context, and new knowledge from the research, not to elicit consensus. The Delphi study is suitable as a research instrument when there is incomplete knowledge about a problem or phenomenon (Skulmoski et al., 2007) and to investigate what does not yet exist (Czinkota & Ronkainen, 1997; Skulmoski & Hartman, 2002). Hence, as this current study is based on events, situations, and circumstances that had already occurred and existed, the Delphi study is not the appropriate research design to use. Phenomenology, another qualitative research approach, would be less effective to use in this study, as it is intended to draw

focus on participants' lived experiences of a phenomenon and does not have to be restricted in time and space (Moustakas, 1994), unlike case studies, which are bounded by time and space.

Role of the Researcher

I fulfilled the roles of both participant and observer. I spent time with participants, asked probing and meaningful planned questions, and conducted follow-up inquiries related to their answers. I participated in the interview questions by listening carefully and guiding them to find relevant information. I observed and allowed participants' responses and actively understood the provided narratives and data.

I recorded all data through physical notetaking, and I audio-recorded the conversations to collect and analyze supporting documentation. I observed the participants' responses, documented the process, and actively investigated the data collected (Merriam & Tisdell, 2016). I spoke to the participants one more time after the interview and discussed my interpretations and shared my feedback; this is called member checking.

I do not have any direct contact nor professional relationships with the study participants from the selected firm. Hence, my own beliefs and assumptions about the participants' motivations, leadership styles, and behaviors have no effect or influence on the study. Participants were under no obligation to temper their answers according to what they believe I would want to hear, adjust their answers, and be willing to provide meaningful explanations based on how they think of me. I employed several countermeasures to mitigate any research bias regarding my personal opinion about the

leadership styles, motivations, and behavior of the participants and my knowledge of the research topic. First is the creation of an interview protocol to propel the interview in the intended direction. I assembled a panel of experts consisting of the members formed from my committee and a chosen expert practitioner in reshoring to review the prepared interview protocol.

I conducted a field test with two participants from the selected firm; they did not participate in the study. Still, they answered all the questions to give me additional feedback to calibrate the protocol before they are implemented.

To further mitigate bias, I requested relevant documentation from the selected firm, such as financial data on the impact of offshoring and reshoring, feasibility studies, risk and opportunity analysis, business development, and strategy notes on the memo on the offshoring and reshoring decisions. I used these documents to validate the participants' comments and representations and use them as a guide in making my assumptions and interpretation during analysis. I conducted thematic research of the interview and documentation data via word processing software to limit personal interpretation and involvement at the study's analysis stage.

Methodology

In this section, I will discuss how I conducted this study. I will present information and justifications for the sampling selection, the recruitment of participants, the instrumentation selected, and explain how the data will be collected and analyzed. I will clarify the chosen methodology and implement the preferred methodological design to meet the purpose and answer the research question for this study.

Participant Selection Logic

Reshoring Initiative, an industry-funded nonprofit organization that promotes reshoring and foreign direct investments and is a leading voice in making the case for companies to bring manufacturing jobs back to the United States, has a database comprising of 2,900 plus companies that have recently chosen U.S. production over offshore, including cases of reshoring, and foreign direct investments. Among the firms that moved their operations back to the United States are large corporations (e.g., Apple, Amazon, Boeing, Google, Microsoft, Intel, General Motors, Ford Motors, Cisco Systems, Oracle, Texas Instruments, etc.), as well as companies that are household names (e.g., Nike, Crayola, Eastman Kodak, Goodyear, Hanes Brands, Hasbro Inc., Kitchen Aid, The North Face, Under Armor, Whirlpool, Wrangler, etc.). Each of these mentioned large and household name firms would have the target population for my study on reshoring, and

from where I was able to recruit until I reached the sample size of 5 participants. Boeing was the first company on my list as the source for participants, as they have extensive offshoring and reshoring experience in their manufacturing operations.

The sample size was based on purposive sampling (Gummesson, 1991). I chose the most appropriate participants for the study (Robinson, 2014), whose knowledge and expertise of the issues relevant to this study are authoritative and information-rich. To be considered for the task, participants had to meet the following criteria:

1. Participants must be a department or project leader in the department affected by offshoring/reshoring.
2. Participants must have a relevant role and impact in the offshoring/reshoring decisions.
3. Participants must have experienced offshoring/reshoring for at least five years before the time of this study.

Selected participants were analyzed as individual case studies, and then the data were put together for a collective finding. I gathered information through semi-structured interviews with five participants. The sample size of five participants was sufficient in keeping with the small sample sizes used in qualitative narrative research designs (Lewis, 2015). I recruited participants in the study from several manufacturing companies who had moved their operations back to the United States. I got the help of a nonprofit organization that is the leading voice in making a case for companies to bring manufacturing jobs back to the United States.

Instrumentation

Instrumentation for data collection consisted of video recording of virtual interviews on the Zoom platform, the notes that I took during the interviews, relevant supporting company documents, such as white papers, project case studies, and the field-tested interview protocol (see Appendix). I will discuss each of the two main instruments, the interview results and analysis, and the supporting documents in more detail in the following subsections. I will cover the field test in a separate section.

Procedures for Recruitment, Participation, and Data Collection

An in-depth semi-structured interview is the primary data collection strategy I employed for this study. Interviews can be relied upon to elicit detailed descriptions and accounts of the participants' experiences, perspectives, and context of such incidents related to a phenomenon (DiCicco-Bloom & Crabtree, 2006). A set of open-ended questions in a semi-structured interview would guide the participants to provide spontaneous and in-depth responses at the interview (Ryan et al., 2009).

I created an interview protocol that I followed for each interview. The protocol consisted of questions I asked the interviewees (see Appendix A). The protocol can take in clarifications, additional comments, and relevant information that participants would like to add. I used the protocol as a guide to keep the answers directed at the topic. Each of the protocols contained information that ensured the interview matched the interviewee's code, duration and time of the interview, and the interview date.

I anticipated that the audio recorded interview takes less than an hour, as the participants had to provide narratives that would expound on how the reshoring decisions

evolved, the factors that were considered in coming up with the decision, how they were validated with the results of the action taken, and how their stories contributed to the eventual outcome. In the process, the need for clarification, further elaboration, or follow-up questions stretched the interviews' duration even longer. I spoke to the participants one more time after the interview for them to hear my interpretations and to share my feedbacks; this member checking took about 15 minutes.

Due to the COVID-19 pandemic, all interviews were conducted through web-based video conferencing tools such as the Zoom meeting. An online forum with video, audio, and screen sharing were more effective than a telephone interview. It affords the interviewer to observe the interviewees as if we are in face-to-face interaction, only it is virtual. The interviews were recorded, and the interview transcript is a reliable source of rich textual information that can be analyzed through the different qualitative analysis methods (Cachia & Millward, 2011).

All interviews were recorded, and I made notes with a physical pen and notepad. The notes I took helped validate or clarify any issue with recording the interviews. The notes augmented anything that the recording would have missed, such as the interviewees' visual expressions and their body language, which would add to the authenticity of information gathered from the proceedings. The interviewees would have to returned a signed informed consent form before any interview was start. They were also reminded that follow-up interviews might be needed, and suitable arrangements will be made accordingly. Once the interviews, follow-up interviews, and supporting documents were gathered and collected, the data analysis phase began.

Field Test

To validate the effectiveness, objectivity, and accuracy of the interview protocol that I created for this study, a field test was conducted. An interview protocol was based on questions that I believe are aligned with the purpose of this research. I communicated via emails with qualitative research practitioners and requested a review of the protocol to ensure that it is unbiased and that I got everything needed for an interview protocol is considered.

Data Analysis Plan

I transcribed the recorded completed individual interviews using an online transcription service. I then typed the physical notes taken during the interviews and combined them with the transcribed recorded interviews to form one consolidated document. I gave each interviewee a copy of the transcribed and collected papers. I conducted data source triangulation through the collection of data from different participants to gain multiple perspectives and validation of data (Carter et al., 2014).

I gave each participant a copy of the relevant documents from the interview as transcription validation, member checking is a lot more involved, which employed to explore the credibility of the results. Member checking allowed the interviewees to participate and review the interview results and interpreted data (Birt et al., 2016). I gave the participants a chance to review the interviewer's summary and made any adjustments in the interview interpretation.

I substantiated the validity of the participant’s responses to the supporting documents, contacted the concerned participants, and made the necessary adjustments to

ensure the data accuracy of the interviews. Using NVivo, the qualitative data analysis software, helped me perform thematic analysis of the interview data and information. NVivo allowed me to compare data and information from all the interview transcripts and identify recurring themes. I codified the themes I determined based on how they answered the research question. Findings from all the interviews were collated to form the study's final results.

Issues of Trustworthiness

Credibility

Research is credible when there is truth to the data gathered or the participants' viewpoints and the researcher's interpretation of them (Polit & Beck, 2012). To ensure that this study is credible, I conducted member-checking, reviewed interview transcripts, and triangulated data. Each participant was asked to perform member-checking to ensure that the written summary I prepared accurately represented the interviewee's responses and was aligned with the data and information they shared with me. I l also requested each participant to review the transcript I created to check for its accuracy. I only used the data for analysis once the participants had confirmed the accuracy of the data and information as written and that their meaning had been accurately captured. Through this process, I ensured that only accurate data and information were included in this study.

Transferability

In-depth, semi-structured interviews was be the principal methodology I employed to collect primary data for the study. In contrast, supporting data consisted of company documents and artifacts I have gathered. Data was substantiated, and accuracy

established through video and audio recording. I effectively used the interviews and physical notes taken during each interview. I compared the interview results with the relevant contents of the company documents and artifacts regarding the factors that contributed to reshoring decisions to determine the accuracy and truth of the participant's agencies. This process made the subsequent data analysis more accurate and credible. Any inconsistencies or even conceived misrepresentations were identified and classified before any study was conducted.

Dependability

The data were collected following an objective interview protocol (see Appendix). The protocol's objectivity and accuracy were assured through reviews and field testing before they were put to use. I was be cognizant and watched out for potential researcher bias in the interview process to ensure this study's credibility. Data collection were uniform for each interview. Any additional information gathered through participants providing further comments or inputs that were not part of the established protocol were duly noted. I used triangulation, member-checking, and reviews of the transcripts to assure this research's dependability further.

Confirmability

To ensure I conducted a confirmable study, I used a disciplined process and artifacts such as an objective interview protocol, a uniform standard interview process for each interview, and validated measures such as data triangulation, review of transcripts, and member-checking.

Ethical Procedures

This study involved human subjects; thus, I got the Institutional Review Board's (IRB) approval before commencing any data collection for either the field test or the actual data and information and gathering. Once I secured IRB approval, I prepared the consent form provided for each of the potential participants. The informed consent form included information on what the study is all about, its purpose, and why the participants' inputs and cooperation can potentially solve the problem that I am addressing in this study. The form contained an explanation of the timing, sequence, and duration of the interviews. I also informed them that all interviews were recorded and occurred at the time and location agreed upon beforehand and that I took notes during the interviews.

The potential participants were informed of the possibilities of follow-up interviews in a week or two after the initial interview, should I find a need for additional information or clarification. The interviews were conducted on an online virtual conferencing call, either video and audio, at a time and date previously agreed by both parties. The informed consent form contained information about the extended period needed to conduct the study. Only participants willing to invest at least two hours in the interviews were consider participating in the study. The participants can exit the study at any time and for whatever reason, and it will not have any negative consequences for themselves or their work. If they wish to leave the study, I requested them to let me know via email. I provided each participant access to my personal and work contact details.

Through the informed consent form, I advised potential participants of other ethical considerations, such as anonymity, confidentiality, or any instance of potential

conflict of interest on my part, in my role as the researcher. I ensured participants' anonymity by replacing the names with codes at the data analysis phase in NVivo. Transcripts were under their codes, and I used generic references to the co-workers and company names of the participants.

I used publicly available supporting company documents in my study to ensure that there will be no likelihood of leakage of any confidential information. Data and information gathered, both written and in digital format, were securely stored. Hard copies and pertinent documents were locked and secured in my home, and I password protected the digital data and footprints. Finally, participation in this study was voluntary as such participants were not compensated nor reimbursed for any incurred expenses on account of this study.

Summary

Chapter 3 contained the research approach I employed and the reasoning for its adoption. I discussed the steps and processes I used to collect data and information on how I conducted the interviews and the subsequent validation steps I followed to ensure the trustworthiness, integrity, and validity of this study. I discussed the various methods for data collection and analysis I employed and the supporting documents I l used, and how such documentation validated the interviewee's representations. I also presented how I used software and online applications, such as Transcribe, NVivo, and Zoom video conferencing to ensure data accuracy, validity, and conformability of this study.

The results of the actual study conducted was covered in Chapter 4. Chapter 5 contained the conclusions and deductions about the purpose, questions, and problems of

this study in the next chapter. Recommendations for future research and limitations of this study were included in these chapters.

Chapter 4: Data Analysis and Results

The purpose of this qualitative multiple case study was to gain a shared understanding of what factors contribute to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.- based companies. This study was based on the live experiences of recruited participants who hold executive positions in their respective organizations from different industries. Data were collected from five participants using in-depth telephone interviews. These interviews were guided by the research question of this study: What were the shared understandings of the factors contributing to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.- based companies?

The remainder of this chapter includes the results from this study. First, I present descriptive findings, followed by data analysis procedures. Next, I give the results, including the major and minor themes that emerged from the data analysis. Finally, the chapter concludes with a summary of the results.

Research Setting

After I secured consent to participate, I contacted each volunteer to set up a time for the interview. The COVID-19 pandemic-imposed restrictions on human contact and prevented face-to-face interaction with the interviewees. I scheduled a virtual meeting using the Zoom's web-based video conferencing tool. The Zoom interviews proceeded with the video-on on each one of the participants. Although the setting was not conducive to more personal interaction, seeing each other on video alleviated such concern. Also, the conversations on a recorded video had a non-intimidating impact on people. The

interviewees were more conversant and participatory during the interviews, adding to the volume and content of the discussions. If there was one setback in this virtual setup, it was the clarity of the audio; I spent more time deciphering the accuracy of what was said when I translated the spoken words into written forms and member-checking what we discussed at the interview. There was no instance that we were interrupted by nonparticipants during any of the discussions.

Demographics

I recruited participants who hold executive positions in their respective organizations from different industries. The participants were required to meet the following criteria to be considered:

(a) participants must be department or project leaders in the department affected by offshoring/reshoring.

(b) participants must have a relevant role and impact in offshoring/reshoring decisions.

(c) participants must have experienced offshoring/reshoring for at least 5 years before this study.

Based on the above criteria, I selected five participants. The interviewees were all C-suite level executives for the respective companies they are employed. Table 1 lists the pertinent backgrounds of each of these participants.

Table 1

Participants' Demographics

Code	Position	Industry	Location
E1	Chief manufacturing officer	Fabricated metal products	Connecticut
E2	Vice president, strategic market	Semiconductor	California
E3	Chief executive officer	Apparel	Texas
E4	Vice president and creative director	Recreational vessels	Virginia
E5	Founder and president	Nonprofit organization	Illinois

Data Collection

I collected the data from March 11, 2022, to April 4, 2022. The interviews ranged from 19 to 35 minutes, with an average duration of 25 minutes. I gathered the data through the semi-structured interview strategy for each interview. I allowed the participants to elaborate on statements and prod them to address follow-up questions while keeping focused during the interview. The participants satisfactorily answered all the interview questions, and there was no refusal on any of the questions.

Three major themes emerged from the data, starting with the lower costs of manufacturing offshore, followed by the factors that nullify the offshore advantages, and finally, the benefits of reshoring. The first theme, the lower costs of manufacturing offshore, is significant in itself as it is the principal reason given by participants on why they offshore and remained a major countervailing factor on why they decided to reshore. The second theme of factors that nullify the offshore advantage had two subthemes. The first sub-theme is the long and disconnected supply chain that absorbs incremental costs of inventory, duties, and freight; the second is the U.S. tariffs imposition, geopolitical

risks, and the pandemic. Finally, the third theme on the benefits of reshoring had seven subthemes: speed to market – quicker reaction to changing trends and customer needs; quality differential; intellectual property protection; technology development; on-time deliveries; lower inventory; and lastly, long-term sustainability.

Data Analysis

All the interviews were conducted using the Zoom video conferencing software to virtually interact with the interviewees, as in-person meetings are not possible because of the pandemic. I audio-recorded all the interviews using the EasyVoiceRecorder software for mobile devices. I manually edited the transcriptions and combined the transcribed audio recording and the physical notes I took during the interviews into one document.

The interviewees were provided with their documents with all the information transcribed and organized for them to participate in the member-checking process, wherein they can review the summary of their answers and make any corrections, comments, or adjustments in meaning. The researcher's interpretations ensured the research had represented and interpreted the information accurately. After completing the member checking, I loaded the interview data into NVivo, a software program used for qualitative research that is more compatible with the thematic analysis approach (Zamawe, 2015). I compared and analyzed the interview transcripts' data to capture recurring themes. The identified themes were coded according to how they answered the research question, collated the findings from the interviews, and articulated them in the study’s final results published in Chapters four and five.

Evidence of Trustworthiness

Credibility

Trustworthiness in qualitative research is appraised by four criteria: credibility, dependability, transferability, and confirmability (Cope, 2014). Research is credible when there is truth to the data gathered, the participants' viewpoints, and the researcher's interpretation of them (Polit & Beck, 2012). To ensure credibility, I conducted member-checking and carefully reviewed the interview transcripts. Each participant performed member-checking to ensure that the written summary I prepared accurately represented the interviewee's responses and aligned with the data and information they shared with me. I also request each participant review the transcript I created to check for its accuracy. I used the data for analysis only after the participants had confirmed the accuracy of the data and information as written and their meaning had been accurately captured. Through this process, I ensured that only accurate data and information were included in this study. Using the above-described accepted qualitative research method supports the trustworthiness of this study.

Dependability

The quantity and quality of the data gathered to support this research's dependability. I conducted semi-structured interviews with each participant using an interview protocol (see Appendix). Those interviews were audio recorded and transcribed using the EasyVoiceRecorder audio recording application for mobile devices. I manually edited the transcriptions and combined the physical notes I took during the interviews into one document. I provided each participant with the opportunity to check the contents

of the transcript of our discussion to ensure its accuracy. This process promoted the quality of the data gathered. Five interviews were conducted and analyzed. No new themes were revealed at the completion of all five interviews, which confirmed that data saturation was reached at that point. This process ensures that the quantity of data was sufficient to support the dependability of this study.

Transferability

To ensure the transferability of this study, I used uniform, semi-structured interviews. I established the accuracy of the data through Zoom, a web-based video conferencing tool such as Zoom. I can effectively use the interviews and physical notes taken during each interview. I used NVivo, the qualitative data analysis software, to perform thematic analysis of the interview data and information.

Confirmability

Finally, the confirmability of this study was established; the research conveyed the participants' experiences and not the researcher's. The processes outlined to support this study's credibility, dependability, and transferability also support its confirmability. I documented the methods and procedures employed in this study to provide a reference trail should an audit be necessary.

Study Results

This qualitative multiple case study aimed to gain a shared understanding of what factors contribute to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.-based companies. The study started with the contributing factor that drove companies to go offshore. Over the last 25 years,

offshoring gained acceptance as a standard business practice primarily for the cost advantage or lower cost the outsourcing companies enjoyed operating in offshore locations (Joubioux & Vanpoucke, 2016); Tate & Bals, 2017). The trend is reversing, and business leaders of many companies are moving their manufacturing operations back home (Barbieri & Stentoft, 2016). Lower cost of manufacturing in foreign locations remained relevant and is the primary reason companies stay offshore. Increasingly, however, such an advantage is eroded by several countervailing factors swinging back the advantage of bringing back manufacturing to home destinations.

The primary themes and subthemes formed from collected data substantiated the results of this study, promoted by quotes and anecdotes from the participants. Three major themes emerged from the data, starting with the lower costs of manufacturing offshore, followed by the factors that nullify the offshore advantages, and finally, the benefits of reshoring.

Lower Costs of Manufacturing Offshore

All the participants explained that the primary reason they moved their manufacturing operations abroad is due to the lower costs of manufacturing offshore, impacting favorably their ability to offer competitive pricing on their products, with higher margin and profitability effect, and allowing companies' that offshored to expand their market share as compared to companies that manufacture stateside on higher costs. All the participants confirmed that lower costs are the primary reason they went offshore. E2 stated that a company’s decision to offshore is always financially motivated; for many

companies, it is cost-effective to offshore if they are manufacturing in volume. According to E5,

> The factor that initially led to the company's decision to offshore is primarily due to lower costs of manufacturing offshore, providing them the opportunity to offer competitive prices for their products. 70% of the reason companies offshored today is due to cost, which is 30% to 40% less than what you can buy or make here in the U.S., the percentage is even higher in the past because in the past you can find anything you want in the U.S.
>
> In contrast, the U.S. has lost so much manufacturing that there were categories of products that were not made here anymore, so now some companies buy them in China, for example, since you cannot get the products in the U.S. And that is driven by the lower price in China putting the U.S. manufacturing out of business. Also, if the companies are building their factory offshore, in many cases, they will provide products to the Chinese market, the Asian market, or the Indian market. If they have their factory offshore, the significant portion of the motivation was to have a presence in a rapidly growing, rapidly income increasing market like China or India, so the companies pursued both, selling in the U.S. and other countries and have costs that allow them to sell abroad, and the cost to ship back to the U.S.

E1 confirmed that they moved their manufacturing in the early 2000s due to lower manufacturing costs in China. They are in a very cost-competitive environment since their competitors sourced their materials from low-cost countries. They decided to

offshore their manufacturing to maintain their customer base and remain competitive. The company would not be in business today if it did not. E3 mentioned the changes in the consumer market in the United States and the business model of the apparel industry; offshore decisions were made based on costs more than anything else for their survival against those competitors who had moved their manufacturing offshore. The company's decision to go offshore is based on the perception that first, they can reduce their costs, then increase their initial mark-up or increase margin because of the lower costs of manufacturing offshore. E4 said that,

> We manufactured our products offshore purely on cost. We did not have the initial resources and going offshore is how we can take our products to the market. The sort of initial condition for us, as an example, was that the cost of the kayak mold here in the U.S. is anywhere from $30,000 to $60,000 depending on its complexities, the shape, and the size; over there in China, it's about $12,000 cost-wise, when you're doing this sorts of products you get the mold you have to put a lot of upfront costs it's buying the plastics, get the mold, run the mold put everything together, really until you do that you can get everything together, you get designated buyer, the whole other factor we have to start somewhere so for that cost at the beginning, and get us off the ground, without that we would not have started the company and get the initial business set up the other thing too here in the U.S.

Factors that Nullify the Offshore Advantages

The second theme of factors that nullify the offshore advantage had four subthemes: long and disconnected supply chain; U.S. tariffs imposition; geopolitical risks; and the COVID-19 pandemic.

Long and Disconnected Supply Chain

In this first subtheme, participants explained that the long distance between their manufacturing locations and their market nullifies the cost advantage of manufacturing offshore. E5 said that,

> Having a long and disconnected supply chain created costs and risks associated with offshore, the incremental duties, freight, carrying costs, and travel costs incurred in transporting the products to the market. As well as a significant and much higher risk of stocking out and not being able to satisfy their customers.

E2 emphasized that,

> For many companies, it sounds very cost-effective to offshore if they are manufacturing in volume. Still, the realities set in when you operate in different time zones, your conference call is at midnight, and your intellectual property becomes at risk. There is not much appetite, particularly in the Asian companies, for changes; when you set up a requirement for building 1,000 widgets, they anticipate building 1,000.
>
> If you need to adjust the schedule, I do not think there is much flexibility. In my product with electronics, there is always a certain level of field

> failures that occur, and then how do you manage that repair depot process and keep product flowing when you are a couple of continents away?

E1 shared stories on why a long and disconnected supply chain matters in their decision to reshore. E1 said,

> I will give you two examples, the first one, a customer called us up and said that there was something wrong with the parts we sold. There is a dimension that is wrong and that they do not fit properly. So, I told the customer that it was just on a Monday. I said, overnight me the parts, we will take a look at that. They sent the parts to us on a Tuesday. We diagnosed the problem on Tuesday; we went live on production Tuesday afternoon and made new parts. We completed the production of those parts on Wednesday, overnighted them to the customer, and they had parts that worked by Thursday. So, on Monday, they had a problem; the parts did not work, but by Thursday, they had the parts, and they worked. If we were manufacturing in China, that would have taken eight to ten weeks. I did it in four days.
>
> Here is the second example, we had a customer who visited us, and they said that they were buying a particular part from us, and when the customer got the part and put their operations, they had to bend a little part of the piece of the part and said that is a nuisance. Our engineer said, well, you do not have to do that; I can make the part that way so that you do not have to do additional tweaking on the parts; I will call it a different part. It will be a custom part for you. I will not charge you anything to do it

> because it would be easy if we do. And the business owner looked at us and said, you got to be kidding me. You know how much money I have been spending modifying these parts, and you are telling me now that you can make this change. We said, yes, we can, and we will. The customer was delighted.
>
> And again, if I am Manufacturing in China, I got to go through a whole process of, you know, getting it out to the plant in China, having them quote it, having them do a prototype, sending it to us. Doing the change ourselves here took a customer improved their efficiency in 15 minutes, whereas it would have taken me another 8 to 10 weeks if I had to go back to China. So those two stories happened, and they solidified the whole reason for our decision to reshore.

E3 emphasized that in the apparel industry, the offshore decisions were based on costs more than anything. However, with a disconnected supply chain, managing inventory s are now more critical. He explained that,

> Reshoring allowed postponement of decisions that will satisfy the ability for the consumer not to commit far out to what they want and ensure to meet their expectations with less inventory in the process. If a decision is made on inventory, say six to nine to 12 months in advance, we put ourselves at tremendous risk of inventory build-up when the market and consumer trends change unless you are a brand that sells a basic product or any predictable product, say underwear, T-shirts, things like that."

U.S. Tariffs Imposition

Rising wages in China have already pushed some companies to seek alternative locations for producing their goods. The trade war started under the Trump administration, and the imposition of 25% tariffs for goods coming from China into the U.S. negated the cost advantage of manufacturing in China. E5 said that,

> China which had gone up to 10% per year for 20 years on wages, it was 50 cents an hour then, now they are at $5 per hour, so the price difference, the manufacturing cost difference between two countries, the United States, and China, had shrunk and therefore China is not as attractive as before. Trump's 25% tariffs eroded most cost savings from purchasing in China."

E4 stated that,

> We began considering reshoring based on bottom-line economics. The raw cost of shipping and the 25% tariffs imposed on goods coming out of China are added to the manufacturer’s price for our kayaks, and shipping became four times more expensive. There was a dramatic shipping cost increase; kayaks logistically are bulk and about 125 for a 40-footer container, so shipping costs are a substantial component of the price. The tariffs, the dramatic increase in shipping costs, and the deteriorating quality of products manufactured in China are the primary reasons we decided to pursue reshoring.

E1 stated,

> In 2016, nothing external drove our decision to reshore; it was an internal decision, but once we got into the reshoring effort, our efforts were accelerated by

> some external factors. They were accelerated first by tariffs. When tariffs were placed on finished goods coming from China, the cost of those goods went up, and those costs of goods going up helped us to be more competitive on price. So that happened, in the 2018 to 2019 time period related to tariffs. And today, in 2021, the supply chain problems that the people are having are also helping our reshoring efforts.

Geopolitical

The geopolitical issue contributed to the acceleration of previously offshored manufacturing operations to reshore. E5 said that,

> The geopolitical tension between China and the United States. had accelerated, with the 25% tariffs imposed on goods purchased from China, which had resulted in negating most of the costs savings from purchasing in China. China is now less competitive for lots of those reasons.

E2, answering the question of why a company that offshored decided to reshore, stated that,

> The geopolitical instability on countries we offshored and the concerns that maybe we should now be building in the United States and not in another country, and promote jobs growth and things of that nature, I think they are rolled together along that nature, and led companies to reshore.

Pandemic

Companies did bring back domestic production as a result of the COVID-19 pandemic. According to E4,

> The pandemic changes everything. Production stopped, the supply chain was constrained, and the customers were not getting their orders. The situation forced us to look and develop suppliers locally, right here in the United States, which we were able to do. We stopped manufacturing in China and resumed operations in the United States. Manufacturing in the United States has been a positive experience for us; excellent to be able to work directly, and excited to start to think of hiring and letting the lineup run; we have been able to employ people that used the product, kayakers, paddlers, we all enjoy kayaking hopefully all the people working for us to make the product, they believe in, go paddle, step into the future honestly working for a product in a river, help creates something for people who want to work for us.

The Benefits of Reshoring

The third and final theme, the benefits of reshoring, had several subthemes: speed to market – quicker reaction to changing trends and customer needs; quality differential; and availability of technology.

Speed to Market

The company's reaction time to changing consumer trends and customer needs and demands is quicker when manufacturing your products in the geography and the market you serve. E3 attested that,

> When your manufacturing is onshore, you can replenish the market and react quickly to the needs and demands of the customers. The time and accuracy of the decision in inventory are more critical than any other cost. On onshoring, we can

> allow postponement of decisions that will satisfy the ability of the consumer not to commit far out in time and only on what they need to meet consumer expectations and build less inventory in the process.

Quality Differential

When participants were asked why a previously offshored company decided to reshore, they stated that the deteriorating quality of products coming out of offshore manufacturing facilities was one of the main reasons. E4 remarked that,

> The sweetness of low price is forgotten long after the bitterness of poor quality remains. People getting enticed by the low cost come to realize that poor quality has a cost that renders offshoring to be costlier than manufacturing onshore.

E1 said that,

> We reshored manufacturing to be able to improve the quality of our products and also improve the delivery. The elements that the customers are looking for are price, delivery, and quality; we certainly had the opportunity for us to be able to be competitive in all three areas.

E4 stated that,

With the production of our products done right here in the U.S, we can control the quality of our products. As time went on, the company we work with in China hired new staff who did not have experience in molds; one shipment we got back with this 40% had blemish issue, not detrimental, as the kayak can get indents, mainly when they are stack in a particular way, found lots of them with problems, some we were able to fix, but the additional work to improve poor quality is killing our margin, we essentially breakeven

but with the amount of work and time spent, we do not want to go on with the business mistake of manufacturing abroad.E5 said that,

> The reason companies that offshored decided to reshore, in general, is that they have learned of the costs and risks associated with offshore, with having a long supply chain, they found out that they have the cost of duties, tariffs, freight, carrying cost of inventory, quality differential, travel costs, are significant, in addition to a higher risk of stocking out and not be able to satisfy their customers.

Availability of Technology

E3 believes that reshoring favors the United States because of its technologies. For onshoring to work and our project, you would have to be able to be highly digital. You need to be sustainable, you cannot return unsustainable technologies, and you need to be favorable to an on-demand basis; we believe that that takes new technology, new thinking.

E1 said that,

We looked at the decision to reshore as driven by the availability of technology that would allow us to manufacture the parts in a cost-competitive manner. So, looking at sophisticated machines, punch press, laser, and press brakes, would allow us to manufacture parts here in the United States without incurring high labor costs. So that was the driver for us to reshore.

Summary

The findings of the study indicated that the primary reason companies moved their manufacturing offshore, which is lower costs of manufacturing abroad, was

overwhelmed by the changing dynamics in world trade, supply chain, the pandemic, and geopolitics, that there are now considerable benefits of changing course and reshore manufacturing back to the United States. The supply chain is broken and fragmented due to long distances that separate manufacturing, suppliers, and customer locations. The market they serve incurs additional costs on duties, freight, inventory, inventory carrying costs, and travel costs in transporting the products to the market, as well as the risks of disruptions in the flow of products to customers. The cost differential between the offshore locations and the U.S. is now at a parity that the cost advantage enjoyed by the manufacturing of products overseas is now overtaken by events such as the pandemic, the supply chain issues, tariffs, and other additional costs incurred in bringing products to the market from locations abroad, nullifying the cost advantage of manufacturing in foreign places. Finally, the benefits of reshoring cannot be ignored, such as speed to market; the company's reaction time to changing consumer trends and customer needs and demands is quicker when manufacturing your products in the geography and the market you serve. The quality differential on products manufactured at home compared to overseas locations, with better quality control on products manufactured at home, favors reshoring. And the technology differential, the availability of technology in the U.S. allows companies to manufacture the parts in a cost-competitive manner. The availability of sophisticated machines, tools, systems, and processes enables companies to manufacture parts in the United States without incurring high labor costs. The final chapter of this study, Chapter 5, will contain my interpretation of the study's findings. Chapter 5 will

also summarize the limitations on the study's trustworthiness, implications for positive social change, and future research recommendations.

Chapter 5: Discussion, Conclusions, and Recommendations

The qualitative paradigm and a multiple case study method were used in this study, whose purpose was to gain a shared understanding of what factors contribute to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.- based companies. The qualitative approach helped me draw meaning, context, and new knowledge from this study (Miles et al., 2014) and provided me a deep understanding, and interpretation (Patton, 2015) of the factors that contribute to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.- based companies. I used the multiple case study with embedded units research design, and I gained an extensive focus and a real-world perspective on the "case" (Yin, 2018) and explored a decision or sets of judgments as to why business leaders of an organization made and implemented the resolution, and what were the results.

Changing the geography of production, both offshoring and reshoring, are complex processes. The alteration is a quantitative (example, cost, profit margin, and price) and qualitative (example, quality, "Made in America," speed/closeness to market) change in which a new outcome is negotiated. Most authors had laid out the quantitative aspect of the decision. Still, it is important not to associate reshoring solely with cost savings, as there are critical qualitative drivers behind reshoring that the current literature has ignored. My study provided a balance and a different perspective in understanding the phenomenon.

The lower costs of doing business abroad were the primary reason companies moved offshore manufacturing. However, the changing scenarios caused by changing global trade dynamics, supply chain constraints, the recent pandemic, and geopolitical tensions in countries housing the offshored manufacturing have overwhelmed the lower costs factor. There are now considerable benefits of changing course to bring back and reshore manufacturing back to the United States.

Interpretation of Findings

Research Question: What are the shared understandings of the factors contributing to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.-based companies?

The results of this study, in many ways, confirmed what has been found in the peer-reviewed literature described in Chapter two. For example, with the first central theme, all the participants explained that the primary reason they moved their manufacturing abroad was the lower offshore manufacturing costs.

Lower Costs of Manufacturing Offshore

E3 stated that offshoring decisions were made based on costs more than anything else for their survival against those competitors who had moved their manufacturing offshore. Based on the perception that first, they can reduce their costs, then increase their initial mark-up or increase margin because of the lower costs of manufacturing offshore. The participants' attestations are consistent with the research of Stentoft et al. (2016), who suggested that the cost is a significant consideration for moving manufacturing, not only for offshoring but also for backshoring. The recent changes in

the host (offshore) and home country (onshore) locations environment; supply chain constraints; the global pandemic, and geopolitical issues have eroded the competitive advantages of manufacturing offshore.

Factors that Nullify the Offshore Advantages

The second major theme of this study deals with the factors that nullify the advantages of manufacturing offshore, namely, the long and disconnected supply chain between the manufacturer, suppliers, and customers, absorbing additional costs of inventory, logistics, duties, and freight; the U.S. tariffs impositions; geopolitical risks; and the global pandemic. Participants explained the long distance between their manufacturing locations and their market nullifies the cost advantage of manufacturing offshore. E5 said that, having a long and disconnected supply chain created costs and risks associated with offshore, the incremental duties, freight, carrying costs, and travel costs incurred in transporting the products to the market, as well as a significant and much higher risk of stocking out and not being able to satisfy their customers. E5 confirmed that the manufacturing cost difference between the U.S., and China had shrunk, and that China is not as attractive as before, and that former president Trump's 25% tariffs eroded most cost savings from manufacturing in China. E4 argued that the tariffs, the dramatic increase in shipping costs, and the deteriorating quality of products manufactured in China are the primary reasons they decided to pursue reshoring. E1 stated that their decision to reshore were accelerated by tariffs, he emphasized that when tariffs are placed on finished goods coming from China, the cost of those goods went up, and those costs of goods going up helped the U.S. to be more competitive on price. The

geopolitical issue contributed to the acceleration of previously offshored manufacturing operations to reshore. E2 stated that the geopolitical issues on countries they offshored concerned them that they considered building in the United States and not in another country. Companies did bring back domestic production as a result of the COVID-19 pandemic. According to E4, the pandemic changes everything for them, production stopped, the supply chain was constrained, and the customers were not getting their orders. The situation forced them to look and develop suppliers locally, right here in the United States, which they were able to do. They stopped manufacturing in China and resumed operations in the United States.

The previously stated factors that nullify the advantages of manufacturing offshore is supported with what had been found in the literature. Fratocchi et al. (2014) argued that back-reshoring is more than a mere "correction mechanism" (Kinkel, 2014; Kinkel & Maloca, 2009) but is more of the gradual change in the off-shore environment that erodes the comparative advantages of the location (e.g., labor availability and costs) (Kinkel & Zanker, 2013). Fratocchi et al. (2016) suggested that firms reshore when costs and efforts to manage the internationally spread-out supply chain are too high and found alternative access to low-cost production, or to satisfy customers' requirements on quality and service, and to quickly react to changes in the market. Martínez-Mora and Merino (2014) posited that reshoring was primarily triggered by changes that could not have been foreseen when the offshoring decision was made, such as the supply chain constraints, geopolitical issues, and the pandemic.

The Benefits of Reshoring

The second major theme of this study, as previously stated complements the third and final major theme of this study, which is the benefits and advantages of moving manufacturing to reshore. The third and final theme had several subthemes: speed to market – quicker reaction to changing trends and customer needs; quality differential; and availability of technology. The company's ability and speed to get into the market, and quickly reacting to changing customer trends and needs are enhanced when the company manufactures their products in the same location with the market it serves. E3 attested that they are able to react quickly to the needs and demands of the customers and they were able to replenish their stocks on time without building inventory, as they manufacture their products onshore. E3 further stated that they can allow postponement of decisions that will satisfy the ability of the consumer not to commit far out in time and only on what they need building less inventory in the process.

The deteriorating quality of products coming out of offshore manufacturing locations is one of the main reason participants mentioned why their companies decided to reshore. E4 remarked that people who were enticed by the low cost is coming to realize that poor quality had a cost that renders offshoring to be costlier than manufacturing onshore. E5 stated that companies decided to reshore as they have learned of the higher costs and risks associated with offshore, with long supply chain that absorbs significant additional cost of duties, tariffs, freight, carrying cost of inventory, quality differential, travel costs, in addition to a higher risk of stocking out and not be able to satisfy their customers. The participants also mentioned that availability of technology

allows them to manufacture parts in a cost-competitive manner, as such was important consideration for their decision to reshore.

The literature has ample studies and research that expounded the benefits of reshoring. Zhai et al. (2016) concluded that quality is the primary factor that drives the companies to reshore, and not the rising labor cost in China. Kinkel (2104) found out that quality issues and high transport and logistics costs are critical for backshoring decisions from foreign suppliers (outsource backshoring). Barbieri and Stentoft (2016) articulated the advantages of reshoring in terms of technology, that automation and adoption of new production technologies (e.g., additive manufacturing) significantly improves production efficiency, product manufacturability, and reduce the firm's dependence on low-cost production offshore production locations, making reshoring decisions viable and preferable options. The results and findings of this study supports the conceptual framework proposed by Fratocchi et al. (2016), based on the ultimate goal of production relocation (i.e., customer perceived value vs. cost efficiency) and the level of analysis (i.e., internal environment vs. external environment). Cost efficiency (the rising costs of offshoring) and external environment (changes that could not have been foreseen when the offshoring decision was made, such as the supply chain constraints, geopolitical issues, and the global pandemic) are the significant drivers that triggered business leader's decision to reshore.

Limitations of the Study

The primary weakness of this study was that it was limited to small numbers of five participants, which might affect the generalizability of the results. The participant

number, however, could be a strength; given that the participants are their companies' decision makers, they could provide objective and accurate narratives of their past reshoring experiences. The small number of participants allowed for a more direct comparison of individual business leaders' reports, making finding related themes easier to make better conclusions and deductions on the reasons and factors considered when they decided to reshore.

Another design weakness of this study was the format of data collection. Interviews were conducted virtually with no face-to-face interactions between the interviewees and the interviewer. The interviews were formal and straightforward. The design, however, could be a strength, as the stories gathered came directly from the decision-makers who made the results more generalizable than if the participants were from the other segment of the organization.

Recommendations

The results of this study confirmed what has been found in the peer-reviewed literature described in Chapter two, that the primary reason business leaders moved manufacturing abroad was due to lower cost, which is consistent with the research of Stentoft et al. (2016) affirmed that lower cost is a significant consideration for moving manufacturing, not only for offshoring but also for reshoring. Another central theme in this study is the factors that nullify manufacturing advantages offshore and tilt the balance in favor of reshoring. Business leaders could not have foreseen the rising cost of offshoring and the external environment changes when they decided to offshore, such as supply chain constraints, geopolitical issues, and the global pandemic. They influence

business leaders to reshore, but many companies remain offshore. They are reshaping their supply chain, moving manufacturing to other low-cost locations in Asia, such as Vietnam and the Philippines, but not moving home.

Future research could investigate the factors and conditions that motivate companies to reshore manufacturing back to the home country compared to others who chose to continue sourcing/manufacturing offshore. Another interesting topic of future research is comparing the motivation and factors that led to reshoring decisions with the previous offshoring strategy. Further research on these two related topics could provide additional knowledge from analyzing offshoring and reshoring decisions as a complex interaction of time and motivation and not a reactionary choice at a particular time and situation. Finally, the impact on companies' financial performances would be interesting to investigate for future research. The effect of the decisions to reshore on the company's overall financial performance has yet to be discovered; what are the actual costs and profits? Research in this area is essential for business practice, mainly due to several factors that affect the decision, such as the changing international markets, rising wages in China, and political pressure on the decision.

Strengths and Weaknesses of This Study

The design of this study is a strength, as the stories gathered came directly from the decision-makers who made the results more credible than if the participants were from the other segment of the organization who might not be privy to the underlying reason for the decision to reshore. The findings in this study are limited to a small sample size of participants interviewed from companies that have experienced reshoring, and the

diminished sample size determines the generalizability of the findings. This study can benefit from further exhaustive research, investigation, and identification of other factors that led companies to reshore. Also, the use of a quantitative approach and a larger sample size to include a broader range of industries and a more varied group of interviewees would enhance the applicability of this research. In this study, only reshoring instances from China had been the subject of this research; the results of this research can be further strengthened by studying other low-cost countries such as Vietnam.

Implications

Implications for Positive Social Change

Understanding the factors that incite leaders of organizations to go to the extreme of reversing previous offshoring decisions may strengthen management best practices in business strategy and may further result in positive social change through the affected companies improved operational and financial performances. The results of this study may provide new knowledge to influence business leaders to make better offshore decisions, before or even after one had been made, potentially cutting their losses, or turn around an unfavorable choice and make it better. Also, the U.S. headquartered companies rethinking their sourcing strategies, reversing previously offshored activities could mean a better outcome for the U.S. economy in domestic job creation, as reshoring is considered to be one of the remedies for unemployment (Gray et al., 2013; Sirkin et al., 2017a).

Implications for Professional Practice

The design of this study was based on the qualitative approach as I drew meaning, context, and new knowledge from this study (Miles et al., 2014), as I sought a deep understanding and interpretation (Patton, 2015) of the factors that contributed to the high reversal rate of previous offshore outsourcing decisions made by manufacturing business leaders of U.S.- based companies. I used multiple case study with embedded units research design and gained an extensive focus and a real-world perspective on the "case" (Yin, 2018), and I was able to explore a decision or sets of judgments as to why business leaders of an organization made and implemented the resolution, and what were the results. I used purposive sampling (Gummesson, 1991) in identifying qualified interview candidates whose knowledge and expertise of the issues relevant to the research are authoritative and information-rich. I gathered information through semi-structured interviews from participants.

Implications for Theory

In this study, I applied the conceptual framework proposed by Fratocchi et al. (2016), based on the ultimate goal of production relocation (i.e., customer perceived value vs. cost efficiency) and the level of analysis (i.e., internal environment vs. external environment). I combined the elementary offshoring and backshoring motivations emerging from the case analysis and interpreted the relocation motivations within the realm of affected companies' purposeful goal-oriented decisions. I also adopted several theoretical perspectives scholars had previously used in investigating the offshoring phenomenon and applied them to classify and analyze the offshoring motivations. By

linking motivations to theories and identifying common traits among different motives, the framework addressed the meaningful interpretation of reshoring causes and motivations.

Summary and Conclusions

The results of this study reinforce the current literature on the factors that contributed to the high reversal rate of previous offshoring decisions made by manufacturing business leaders of U.S.-based companies. Reasons range from reshoring as an internationalization strategy and location choices; reaction to supply chain constraints; offshoring corrections; home-country incentivization; concerns about the deteriorating quality of products manufactured offshore; the home-country advantage on automation and technology; and, finally, the home-country drive towards environmental sustainability.

As valid as they all are, the primary reshoring accelerator is changes that could not have been foreseen when the offshoring decision was made (Martínez-Mora and Merino, 2014), exemplified by the impact of the global pandemic, the trade issues and geopolitical risk in China. The global pandemic disrupted the supply chain; the delays have resulted in billions of dollars tied up in inventory, which have led to "chip fabrication plants" like semiconductors ramping up United States production, along with steel mills, E.V. battery factories, food production plants, sawmills, and other building material products. Also, more firms are reshoring their production to the United States since the trade discord between China and the United States started in 2019, as American firms sought to decrease their dependence on the Asian market.

The accelerating trends of reshoring are likely not sustainable due to several factors. First, offshore manufacturing had been resilient, and offshore manufacturing for import into the United States had been steady. Second, industries that had been vulnerable to rising labor costs in China had successfully relocated to other Asian countries instead of returning their production to the U.S. Finally, workforce shortage in the U.S. is detrimental for companies to shift production back home.

Changing the geography of production, both offshoring and reshoring, are a complex process. The alteration is a quantitative (for example, cost, profit margin, and price) and qualitative (for example, quality, made in America, speed/closeness to market) change in which a new outcome is negotiated. Most authors had laid out the quantitative aspect of the decision. Still, it is important not to associate reshoring solely with cost savings, as there are critical qualitative drivers behind reshoring that the current literature has explored. My study provided a balance and a different perspective in understanding the phenomenon.

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Appendix: Interview Protocol

Interviewee (code):

Date:

Start time:

Stop time:

Total Time:

Preliminary Matters

[*Researcher turns on recorder*]

The recorder has now been switched on. Thank you for being willing to participate in my study. For the record, please verbally confirm that you have read, signed, returned, and understood the information contained in the informed consent form emailed to you previously. If not, I have one here for you to review and sign.

[*Interviewee response*]

Please state how long you have been employed in your current position.

[*Interviewee response*]

Thank you. Do you have any questions before we get started?

[*Interviewee response*]

We will now commence with the interview.

Interview Questions

- Can you describe the state of the company and the business it is in, prior to the reshoring event, and thereafter?
- What do you think is the basis or parameters used by the company in arriving at the decision to reshore? Why do you believe they are critical to the decision?
- Are there external contributory factors that you are aware of that led the company to reshore? Why do you believe they are relevant?
- Do you consider the previously made decision to offshore a success or a failure? Why?
- Do you believe that the reversal of the previously made decision to offshore was done deliberately or hastily? If so, why do you think this was the case?
- Did the impact of the reversal decision affect the morale of the employees? How?
- If you are the sole decision-maker, would you have reshored? Why?
- What do you think of the timing of the decision to reshore, timely or delayed?

End Matters

Thank you. Are there any additional aspects you wish to discuss before the interview ends?

[*Interviewee response*]

I will send you your interview transcript via email for member-checking, as previously arranged. Give the details here how they are to respond.

We have now come to the end of the interview. I will switch off the recorder.

[*Researcher turns off recorder*]