FIRM-RELATED FACTORS AND THEIR CONTINGENT EFFECT ON MOTIVATIONS TO RESHORE

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Abstract

Background: In the last decades, with a shift in global competitive conditions, increased labor costs, developments in automation and robotics, rising environmental concerns, and increased importance of country of origin from a consumer perspective, manufacturing companies started moving their production back to their respective home countries, while others are staying offshore. To address the above-mentioned changes, reshoring can possibly become a suitable strategy for every firm, which operates in its specific industry and creates a special internal and external environment due to the interaction with its customers, suppliers, employees, and other stakeholders. However, it is yet unexplored how firm-specific factors can influence its motivation to reshore.

Purpose: The purpose of this thesis is to explore and establish links between motivations to reshore and firm-related contingent factors and develop theoretical propositions which add value for theory and practice alike. The fulfillment of the purpose of the research is done in two stages. Firstly, firm-related factors that have contingent effects on motivations to reshore are identified. Secondly, once the factors and respective motivations are known, the influence of these firm-related contingent factors on motivations to reshore is established.

Method: To fulfill the purpose of the thesis, the qualitative case study method is applied. The chosen method with multiple cases allows to create valid propositions, which can be further tested deductively in separate studies. The data is collected via semi-structured interviews from four Swedish manufacturing companies that recently moved their production back to Sweden. The analysis is held in two stages. Each case is analyzed individually using the explanation building and logic models strategy. Later, with the purpose of developing theoretical propositions, the findings are synthesized in the cross-case analysis.

Conclusion: There are two major contributions both of which are novel to the academic area. Nine firm-related factors which have contingent effects on motivations to reshore are derived and 13 theoretical propositions of how these factors are affecting motivations to reshore are developed. The results show that firm-related contingent factors and motivations to reshore are in a causal-effect relationship which depends on the respective case situation and cannot always be generalized. This thesis can be seen as an incremental step for further research possibilities in the field, whereas the firm’s specific context is vital.
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Being foreign students with a limited network in Sweden trying to indicate reshoring companies is a big challenge. Thus, we would like to thank every individual who was involved in helping us to find and approach Swedish companies that reshored. We cannot be more grateful to Darko Pantelic, Stefan Brolin, and Vaida Vysniauskaite from Jönköping International Business School (JIBS), Johannes Falkeström from Business Sweden, Chris Schmidt and Emir Garcevic from JIBS Alumni Network, Cecilia Tall from TEKO (Sveriges Textil- och Modeföretag), Martin Grauers from reLean, and Annika Hall, an independent business consultant to family owned and privately held businesses.

Last but not least, we would like to thank all participating employees from the four Swedish firms, which opened the doors of their companies and shared the insights of their offshoring and reshoring experiences. This thesis would have not been possible without the rich data which was provided to us by these experts.

Valentina Khomenko and Gunnar Ruland Osburg
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<tbody>
<tr>
<td>B2B</td>
<td>Business-to-Business</td>
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<tr>
<td>B2C</td>
<td>Business-to-Consumer</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>EMEA</td>
<td>Europe, Middle-East &amp; Africa</td>
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<tr>
<td>IC</td>
<td>Improvement Coordinator</td>
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<td>MD</td>
<td>Managing Director</td>
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<td>OBB</td>
<td>Organizational Buyer Behavior</td>
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<td>OLI</td>
<td>Ownership Advantages, Location Advantages, and Internalization Advantages</td>
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<td>P</td>
<td>Proposition</td>
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<td>Planning and Logistics Engineer</td>
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<td>PM</td>
<td>Plant Manager</td>
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<td>RBV</td>
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<td>Small and Medium-Sized Enterprise</td>
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<td>TCE</td>
<td>Transaction Cost Economics</td>
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1. Introduction

In this section, the reader is introduced to a broader context of the manufacturing reshoring phenomenon. By following a “funnel approach” the reader is taken to the narrower issue of reshoring motivations, which is presented in the problem section, followed by the purpose of this thesis and the research questions.

1.1 Background

In the last decades, globalization has been a major driver of international trade, has changed the business environment and introduced a new basis of competition (Gottfredson et al., 2005; Varma et al., 2006). In order to search for cost efficiency (Schmeisser, 2013; Hilletofth & Hilmola, 2010), access to resources (Ancarani et al., 2015; Dunning, 1980), market advantages (Jensen & Pedersen, 2012; Dunning, 1980), and/or customers (Kinkel, 2012), under emerged conditions many companies offshored their production from home countries to low cost locations. As result, manufacturing offshoring and outsourcing became significant business strategies and brought meaningful changes to the global supply chain (Martínez-Mora & Merino, 2014; Tate et al., 2012).

For a period of time offshoring proved to be a dominating strategy for companies to create and maintain competitive advantage (Ferdows, 1997) and enjoy a friendly business environment and support (e.g., tax incentives) of host countries (Zhai et al., 2016). With a shift in global competitive conditions (Tate et al., 2014), increased labor costs (Ellram et al., 2013), developments in automation and robotics (Kinkel, 2014), rising environmental concerns (Gray et al., 2013), and increased importance of country of origin from consumer perspective (Wiesmann et al., 2017), managers started giving a second thought to the initial offshore decision (McIvor, 2009). As result, in the last decade, a number of large companies (e.g., GE, Apple, Philips, Renault) as well as SMEs made the decision to move their production back to the respective home countries (i.e., to reshore) (Gray et al., 2013; Fratocchi et al., 2014; Gray et al., 2017; Fratocchi et al., 2015).
Following the global crisis of 2008, during which unemployment rates grew significantly, Western governments (e.g., The US and Germany) realized that strengthening the manufacturing sector at home would not only create more jobs and attract investments in R&D and innovation but also improve the national economy through increased exports (Tate, 2014; Fratocchi et al., 2016). Thus, Western governments started supporting reshoring as it provided a partial solution to unemployment and economic recovery (Fratocchi et al., 2016; Guenther, 2012; Livesey, 2012).

The rise of the reshoring phenomenon has questioned several concepts, which were previously made, namely the globalization and the linear internationalization process of firms. Since offshoring fostered globalization, a new assumption of whether reverse offshoring (i.e., reshoring) is leading towards the end of globalization, has emerged in politics, international business, economics, and sociology discussions (Delis et al., 2017). It has been assumed that political initiatives of bringing manufacturing back home potentially represent a threat to international trade, whereas a number of trade barriers and tariffs could be introduced with the purpose of supporting local production (Delis et al., 2017). Secondly, it has been proposed that the internationalization process of firms does not imply an increasing linear slope (i.e., once a company goes abroad it will continue establishing itself in new markets) but rather a nonlinear one with inclines and declines, meaning that a firm’s internationalization path can be characterized by ongoing entries and withdrawals from foreign markets (Vissak, 2010; Fratocchi et al., 2015). Thus, reshoring could be seen as a “possible phase of the firm’s long-term internationalization strategy of production activities” (Fratocchi et al., 2014, p. 376).

Following the recent discourse, the role of reshoring in the internationalization process is not clear. Nevertheless, it represents an important phenomenon of increased interest from scholars, consulting firms, and popular press (Fratocchi et al., 2016). Stentoft et al. (2016) discovered that the earliest article on reshoring was published in 2009, while a clear majority of publications were made in 2014 or later. Thus, it is not surprising that the state of research and findings on reshoring can be characterized as fragmented.
1.2 Problem

The area, which received most attention by scholars, is the answer to the question of why firms reshore (Benstead et al., 2017). In the last decade, different publications have identified a big variety of motivations of reshoring. At the moment, however, the literature does not go any further than only identifying and describing the motivations. There is a lack of theory grounded interpretation which would lift the research, and by that, the understanding of the reshoring phenomenon, to a new level (Fratocchi et al., 2016).

Another downside of the focus on motivations, is that researchers treat the reshoring decision as a discrete one-time event, which can be observed in an ex-post analysis (Benstead et al., 2017). There is, thus, no understanding of the reshoring process as a whole and no connections are made between theory and practice. For example, firm and industry specific factors which might influence the reshoring decision are still unexplored (Fratocchi et al., 2014).

However, the obvious focus on motivations in the still fragmented literature shows the importance of the question of why firms reshore. Also, Fratocchi et al. (2014) state that well-thought internationalization decisions should consistently compile of motivations. Therefore, an attempt has been made to organize and classify the motivations of reshoring by Fratocchi et al. (2016). By introducing a framework which creates structure for the vast array of motivations that the literature has found to date, they are the first to use theory in order to interpret the reshoring causes in a systematic way.

As dominating scholars, Fratocchi et al. (2016) also noted that there is a need for further exploration of reshoring motivations. They see a meaningful contribution to the field by testing propositions which link the different typologies of motivations which have been identified in their framework, to company characteristics. These can include governance modes, firm size, industry, home and host country specifics or product and production process characteristics.

Thus, instead of continuing to make the literature on reshoring more fragmented by opening new research streams, we attempt to add value by following previous publications and explore further
the question of why firms reshore. There is a need for in-depth case studies which link motivations and firm-related factors in order to find out, for example, in what firm context some motivations are more apparent. This would add meaningful contributions to the field and especially could help managers and practitioners.

1.3 Purpose

The purpose of this thesis is the following:

*to explore and establish links between motivations to reshore and firm-related contingent factors and develop theoretical propositions which add value for theory and practice alike.*

Previous research has clearly identified and described existing motivations using the popular theories and classified them accordingly. Nevertheless, reshoring is still an under-researched phenomenon and the literature is fragmented. Thus, linking motivations to reshore with firm-related characteristics will serve as starting point for further investigations in the field and possibly help practitioners to take better reshoring decisions. To fulfill the purpose of the research, we will pursue the following questions:

*RQ 1: What firm-related factors have contingent effects on motivations to reshore?*

*RQ 2: How do these firm-related contingent factors affect motivations to reshore?*

To achieve the purpose of the study, firm-related contingent factors will be derived from previously conducted empirical studies on reshoring motivations and later examined in the current empirical research. Since the reshoring phenomenon is only partly investigated, an abductive case study methodology with multiple cases is adopted to create valid propositions, which can be further tested deductively (McCutcheon & Meredith, 1993). To make a contribution for practitioners to take better location decisions, a management and a decision-maker perspective is adopted for the case study.
2. Frame of Reference

The purpose of this chapter is to provide the reader with a deeper knowledge on manufacturing reshoring and its motivations. The frame of reference is constructed by studying and analyzing the major theoretical perspectives, the identified motivations, and the solely existing interpretative framework. Firm-related contingent factors are derived from systematically reviewed empirical studies and presented in the final section.

2.1 Reshoring – Understanding and Defining the Concept

Reshoring, while being an emerging area, lacks a clear definition and unified terminology among scholars (Gray at al., 2013; Fratocchi et al., 2015). Such a status can become a major barrier in fulfilling the purpose of this research and result in poorly defined theoretical concepts and low quality of the academic study (Wacher, 2008). Thus, it is crucial to understand and define the concept and apply common terminology for the following paper.

Initially the phenomenon was conceptualized by Holz in 2009, who proposed the term “backshoring” describing “the geographic relocation of a functional, value creating operation from a location abroad back to the domestic country of the company” (p. 156). Ellram (2013) provided a similar definition of “bringing manufacturing at home … from a current location that is, de facto, not home”, while referring to it as “reshoring” (2013, p. 27). Foerstl et al. (2016) brought a new element to the existing definitions by extending the scope of the location decision from “back home” to “geographically closer locations” (p. 495). This led to additional terminologies, which are describing two options for location decisions, namely relocation to the home country, defined as either “back-reshoring” (Fratocchi et al., 2014) or “backshoring” (Foerstl et al., 2016) and relocation closer to the home country, referred in the literature as “nearshoring” (Foerstl et al., 2016) or “near-reshoring” (Fratocchi et al., 2014). It can be concluded that reshoring is a location decision which follows a previous decision to offshore (Fratocchi et al., 2015).
While offshoring is itself an imprecise term (Gray et al., 2013), existing alternatives for a company to either produce in a wholly owned facility (i.e., in-house) or contract production from a foreign supplier (i.e., outsource) added significant value to the further understanding of reshoring. Thus, Gray et al. (2013) added another distinguishing factor to reshoring, namely governance modes, which resulted in the creation of four reshoring options (Figure 1). The insourcing alternative has gained a lot of attention in empirical studies (e.g., Bals et al., 2016; Hartman et al., 2017a) and a variety of terms, such as “direct back-shoring” (Renz, 2005), “internal back-shoring” (Kinkel & Maloca, 2009), and “captive back-shoring” (Kinkel & Zanker, 2013) have been proposed to refer to it (Fratocchi et al., 2015). Nevertheless, comparative analysis of propositions on the reshoring phenomenon showed an agreement among the scholars that the change of a previously offshored location occurs regardless of the adopted governance modes, meaning that it includes insourcing as well as outsourcing (Fratocchi et al., 2015).

Several other propositions have been made regarding the questions whether the withdrawal from the offshored location has to be necessarily total or partial (Holz, 2009) and whether the reshoring decision should be treated as a part of a firm’s strategy or more of a correction activity of a previously miscalculated decision (Kinkel & Maloca, 2009).

With the purpose of creating a unified definition, Fratocchi et al. (2014) named the phenomenon “back-reshoring” and conceptualized it as “a voluntary corporate strategy regarding the home-country's partial or total relocation of (in-sourced or out-sourced) production to serve the local, regional or global demands” (p.56). In this study, we will be applying the definition by Fratocchi et al. (2014) but referring to the phenomenon as manufacturing “reshoring”, which has been employed most frequently by the scholars (Fratocchi et al., 2016). In order to more deeply
understand the origins of reshoring, the following section will be focused on major theoretical perspectives.

2.2 Major Theoretical Perspectives on Reshoring Motivations

Referring to the definition of reshoring, which is a location decision, many scholars tried to apply international business and managerial theories to explain the phenomenon, which were previously used to explain offshoring (Di Mauro et al., 2017). Thus, Transaction Cost Economics (TCE) (e.g., Kinkel & Maloca, 2009; Foerstl et al., 2016), Resource Based View (RBV) (e.g., Martínez-Mora & Merino, 2014; Fratocchi et al., 2016), Internalization Theory (e.g. Ellram et al., 2013), and “Eclectic Paradigm” (e.g., Ellram et al., 2013; Martínez-Mora & Merino, 2014) are among the most frequently applied.

TCE suggests that individual firms will tend to move away from higher cost to lower cost regions, all else being equal (Ellram et al., 2013). However, it also points to the high coordination and incentive costs that firms may face in the offshore location with respect to the home country (Fratocchi et al., 2016). According to the theory, long physical as well as “mental” distances are costly to manage, increase pressure and risks in the supply chain and make coordination activities complex, which increases quality issues (Joubioux & Vanpoucke, 2016). Further, opportunistic behavior of the foreign production site or supplier might make it very costly to negotiate, monitor and enforce all necessary trans-border supply and coordination activities (Kinkel & Maloca, 2009). Consequently, the above-mentioned transaction and coordination costs might be a strong argument for re-concentrating production capacities via insourcing or backshoring activities (Kinkel & Maloca, 2009).

RBV, in turn, deals with the search for competitive advantage (Wiesmann et al., 2017) and highlights the importance of firm-specific factors in the decision-making (Fratocchi et al., 2016). It helps to explain reshoring from two perspectives, namely a correction of a previously miscalculated decision to offshore or a strategic change. On one side, firms could reshore due to their inability (i.e., failure) to develop distinctive resources abroad, or inability to properly exploit the host country’s resources in order to establish competitive advantage (Di Mauro et al.,
Consequently, reshoring becomes a sensible reverse strategy when offshoring hinders the firm’s ability to develop and maintain distinctive capabilities (e.g., intellectual property protection, quality, innovation, etc.), access external knowledge or other critical resources, understand customers’ needs and fulfill them appropriately (Fratocchi et al., 2016). On the contrary, reshoring can be viewed as a positive strategic decision, whereas it can foster the firm’s ability to create value and maintain competitive advantage through quality and innovation, or to provide distinctive services to its customers (Fratocchi et al., 2016). This has been empirically proven based on the reshoring case of Burberry, which operates in the luxury clothing industry, where the country of origin (i.e., “made-in-effect”) is among critical factors (Robinson & Hsieh, 2016).

The above-mentioned theories are essentially included in Internalization Theory, which explains the efficiency behind the decision to reshore (Rugman, 2010). Internalization Theory describes the drivers of a firm’s foreign expansion and its choices of modes of entry, which are typically quoted as “make-or-buy decision” (Buckley & Casson, 2009). It assumes that the most efficient way to go across borders is to internalize (i.e., take direct control over) firm-specific, scarce, knowledge-based resources and capabilities (Buckley & Casson, 2009; Fratocchi et al., 2016). As the fundamental characteristics of global economy are changing (Casson, 2013), the value of local specialization is declining, and the costs of managing production in the offshored location are increasing (Martínez-Mora & Merino, 2014), the initial advantage of cost efficiency disappears. Thus, these macro-level factors affecting location characteristics and governance efficiency can be used to explain reshoring.

While Internalization Theory treats firm-specific advantages as a unified dimension, Dunning (1980) proposed to make a clear distinction between three determinants of international production, namely ownership advantages, location advantages, and internalization advantages (OLI). His “Eclectic Paradigm” explains that a firm could be motivated to reshore due to deterioration of one or several OLI advantages, on which the initial offshoring decision was based (Dachs & Kinkel, 2013). In this vein, Fratocchi et al. (2015) presented evidence that motivations to reshore could be explained via a reverse application of the OLI paradigm. Ellram
et al. (2013) also support this view and see the origins of reshoring in changes in location-specific factors (i.e., changes in the characteristics of the host and home locations).

After a recent suggestion by Bals et al. (2016) to apply new theoretical perspectives to existing theories and focus on contingency factors at different levels of units and analysis, new streams of research started to emerge. Organizational Buyer Behavior (OBB) was used by Foerstl et al. (2016) as a complementary theory to TCE to explain reshoring motivations from the perspective of how novel, frequent, important, and complex the task (i.e., outsourcing or offshore production) is. In addition to increased transaction difficulties, there are human and behavioral factors, such as bounded rationality of a decision-maker, which can influence the decision to reshore (Williamson, 1998).

Among other recently applied theories there are Industrial Marketing and Purchasing (Baraldi et al., 2017), Social Network Theory (Ashby, 2016), and Contingency Theory (Benstead et al., 2017). All three theories emphasize that reshoring does not take place in isolation. Hence, reshoring motivations are influenced by the existing networks, interactions between the actors, and other context specific factors (Baraldi et al., 2017; Benstead et al., 2017; Ashby, 2016). This can be observed in the example from the bicycle industry, where reshoring was a reaction to internal organizational change of improved productivity due to a new salary system (Gylling et al., 2015). These new developments in the field are in line with the focus of our study and support the purpose of “exploring and establishing links between motivations to reshore and firm-related contingent factors”. However, before outlining these factors, in order to distinguish between contingent and motivational factors, it is essential to analyze the variety of identified motivations of reshoring in the literature and proposed classifications.

### 2.3 Reshoring Motivations and Their Classifications

Extensive literature reviews for motivational factors have been conducted by different groups of scholars with two major purposes, which are either to provide a review on the state of the literature to outline further research directions (e.g., Foerstl et al., 2016; Stentoft et al., 2016; Wiesmann et al., 2017) or to develop a theoretical framework for further analysis (e.g., Fratocchi
et al., 2016; Benstead et al., 2017). Each group of scholars adopted different methodologies, such as for systematic review only peer-reviewed journal papers were considered, while for the development of theoretical frameworks public secondary data (e.g., historical archives of relevant newspapers or papers by consulting firms) had been used. As result, a different number of motivations had been revealed and different perspectives on their classification had been proposed.

In their systematic literature review, Stentoft et al. (2016) identified 25 reshoring motivations and proposed to classify them into the following seven clusters: cost, quality, time and flexibility, access to skills and knowledge, risks, market, and other factors. Meanwhile, in the most recent systematic literature review by Wiesmann et al. (2017) 32 motivations were revealed and classified into five groups, which are global competitive dynamics, host country drivers, home country drivers, supply chain drivers, and firm-specific drivers.

Another classification was suggested by Foerstl et al. (2016), who, by adopting TCE and OBB perspectives, proposed that reshoring could occur due to either human and behavior factors, which are bounded rationality or opportunism, or transactional factors, such as environmental uncertainty and asset specificity. As result, 29 identified exemplars of motivations were classified accordingly into more detailed categories.

While developing a contingency-based framework of the reshoring process, Benstead et al. (2017) revealed 29 reshoring motivations and classified them into four categories, which are: “risk, uncertainty and ease of doing business”, “cost-related”, “infrastructure-related”, and “competitive priorities”. In the same year, a review conducted by Di Mauro et al. (2017) resulted in 42 identified motivations.

Below is the summary of the conducted reviews for reshoring motivations, including the year of the study, methodology, and examples.
The difference in the discovered motivations can be explained by the time when the review was conducted. Thus, it is not surprising that recent studies include more motivations than the ones conducted a year earlier. Moreover, it is also reasonable that the authors, who included grey literature in their reviews, ended up with longer lists comparing to those, who focused solely on peer-reviewed journals.

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<td>Conceptual paper (with empirical results)</td>
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<td>31</td>
<td>32</td>
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<td>42</td>
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<tr>
<td>Examples</td>
<td>Use of prior experience in decision making Cultural and psychic geographic distance Macroeconomic changes</td>
<td>Increasing labor costs Availability of skilled labor Incentives from governments</td>
<td>Need to increase customer satisfaction Reduced operational flexibility Reduced responsiveness to customer demand</td>
<td>Increased degree of automation Increased demands on customization Diminishing growth opportunities</td>
<td>‘Made in effect’ advantages Raw material supply network issues offshore Currency exchange rate and variability</td>
<td>High inventory levels Correction of earlier managerial mistakes Global supply chain risks</td>
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*Table 1 Summary of conducted reviews for reshoring motivations*

Table 2 Identified reshoring motivations: comparison of year and methodology

<table>
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<td>32</td>
<td>42</td>
<td>29</td>
</tr>
</tbody>
</table>
However, by contrasting the methodology and the number of the identified motivations of studies conducted in the same year, a new pattern emerges (Table 2). It appears that the adoption of a theoretical perspective delimits the results. Comparison and contrast of the studies conducted in the same year by Benstead et al. (2017) and Di Mauro et al. (2017) show that some of the identified motivations should be treated as contingent factors, which influence the context of reshoring and consequently the occurrence of motivations to reshore (Appendix 1). For example, emotional elements are considered to be a reshoring motivation by Di Mauro et al. (2017), while Benstead et al. (2017) classify it as a contingent factor. This discovery also supports the purpose of our research and emphasizes the importance of the company context.

Despite a big number of motivations and proposed classifications, we found a single framework in the literature, which tried to establish a structure for analyzing the numerous motivations to reshore that have been identified.

2.4 Motivations of Manufacturing Reshoring: An Interpretative Framework by Fratocchi et al. (2016)

Fratocchi et al. (2016) made an attempt to address an obvious gap in the reshoring literature, namely the lack of theoretical interpretation of motivations, since most studies have a descriptive nature. By employing an inductive reasoning approach, Fratocchi et al. (2016) distinguished 31 prominent motivations. Later, those motivations were classified based on two dimensions: the firm’s goal (i.e., customer perceived value and cost-efficiency) and the level of analysis (i.e., internal environment and external environment). Both dimensions are consistent with the major theoretical perspectives on motivations to reshore.

In this vein, cost-efficiency motivations can be explained by TCE and Internalization Theory, since reshoring could happen due to higher transaction costs which originate in hidden costs of offshoring, like high coordination costs or supply chain risks (Fratocchi et al., 2016). Meanwhile, customer perceived value can be explained by the RBV, since reshoring can become a way to maintain the competitive advantage when the offshoring led to a deprivation of certain important resources and capabilities (i.e., intellectual property, innovation, quality, etc.).
When it comes to the level of analysis, internal environment motivations can be explained by RBV and TCE, both of which highlight the importance of firm specific factors such as distinctive capabilities and resources. External environment motivations are connected to TCE and Internalization Theory, which emphasize the importance of country specific factors. Changes in costs or production and institutional factors (e.g., tariffs and coordination costs due to changes in labor market) can lead to a higher motivation to reshore.

To our knowledge, this is the first attempt to interpret the motivational factors of reshoring by grounding the examination on theoretical models. In addition to incorporating all major theoretical perspectives, the interpretative framework represents a useful tool for the analysis of reshoring motivations and can be further applied towards the analysis of contingent effects (Fratocchi et al., 2016).

After presenting the major theoretical perspectives and reshoring motivations, which underline the necessity of studying the organizational context, we will now move towards identifying firm-related factors, which might have a contingent effect on the reshoring decision.
2.5 Firm-related Contingent Factors

For the purpose of identifying the contingent factors and organizational characteristics which have been found in previous research, we have conducted a systematic literature review. The search has been done by utilizing the academic database of Web of Science. In order to include all relevant articles and not neglect any results we performed the following initial search: reshor* or backshor* or *back-reshor* or *re-shor*. We filtered the results by choosing peer-reviewed articles only and applying category filters such as business, management and economics. This led to a total number of 44 articles. In the next step, the titles and abstracts were examined, and 30 papers were found to be relevant (i.e., discussing the motivations for reshoring). Since the purpose of this research is finding links between the motivations to reshore and firm specific characteristics, we then looked closer at the 30 identified studies in order to find those which actually present empirical findings. Only by that, it can be ensured that the results are grounded on findings in real business cases and therefore valuable. 17 of the 30 articles were identified as empirical studies. Additional to these, we found eight more articles through the snowballing approach. After reading these 25 articles more thoroughly, four were excluded due to irrelevance, which led to the end result of 21 relevant papers. We then proceeded with reviewing each of them carefully to identify the company characteristics as well as possible contingent factors that were mentioned in the cases. Since the vast majority of scholars has neither focused on company characteristics nor on contingent factors, this review is of an exploratory character.

The following section reviews the 21 empirical studies with the aim of presenting the factors and company characteristics which may have contingent effects on the motivation to reshore. Most of the time the identified factors were found in an indirect manner, meaning the authors did not explicitly refer to them or made any conclusions. Below we are presenting the nine contingent factors and their possible effects on reshoring motivations (Appendix 2).

Size
The first factor which might have an impact on the reshoring decision of companies is the size of the firm. In almost all examined cases the company size was mentioned, however, with only few authors developing any conclusions regarding the reshoring process. Benstead et al. (2017) found
that the size can influence the decision of when and how to reshore, which was partly confirmed by Ancarani et al. (2015) who stated that smaller companies are prone to reshore earlier than bigger companies. Further, the size may be a determinant for the supplier relations, as small companies prefer closer relationships, characterized by trust and reciprocity (Ashby, 2016).

Industry
Regarding the impact of the industry in which the reshoring company is active, studies with big datasets found that the reshoring motivations were similar throughout all industries with the main motivations being cost, quality and flexibility issues (Zhai et al., 2016; Kinkel & Maloca, 2009). However, when comparing the single case studies, the companies often reshored due to different reasons depending on the specifics of their industry. Whereas Burberry, a clothing manufacturer in the luxury industry, reshored due to their consumer-driven focus (i.e., brand image, “Made in England”) (Robinson & Hsieh, 2016), companies in the complex aeronautic industry rather reshored to pursue business opportunities and due to regulations (Joubioux & Vanpoucke, 2016). Further, similar to the size of the firm, the industry might also affect the duration of the stay abroad. Ancarani et al. (2015) found in their study that companies in automotive and electronics industries are reshoring earlier than those in industries like clothing or furniture.

Home and host country characteristics
Besides the company and industry characteristics, the home and host country contexts also entail specifics that can have an impact on the reshoring decision: resource availability, cultural context, and physical distance from home to host country. Resource availability refers mainly to the availability of skilled labor and appropriate suppliers. Even though skilled labor may be available in an offshore location, one case showed that rising wages in the host country may lead to the reshoring decision (Bailey & De Propris, 2014). Regarding supplier availability, the examined cases exhibit that oftentimes, especially in the home country or region, there are better opportunities to find the right suppliers (e.g., for an Italian mountain shoe manufacturer in a region specialized on this business) (Baraldi et al., 2017). Further, new developments such as automation in the manufacturing industry can represent a specific resource of the home country which influences the location decision (Stentoft et al., 2015).
The cultural context of the host country can also play a major part in the reshoring process, especially when the distance to the home country is large as in the example of an English automotive company which reshored due to poor responsiveness of its Indian suppliers (Moradlou et al., 2017). When it comes to physical distance between the company’s home country and the offshore location, the cases we examined show that for several firms the proximity to customers and suppliers plays an important role. While Ashby (2016) highlighted the need for being in close proximity to suppliers to establish a good relationship, other authors found that it may also be beneficial to have the target market and its customers in reach (Di Mauro et al., 2017; Zhai et al., 2016). For instance, Zhai et al. (2016) stated in their study that some US firms reshored from China due to quality and cost issues, however, staying close to US customers helped them reacting faster to changes in demand and to provide a better customer service and by that impacted the reshoring decision.

**Governance**

Another contingent factor is the governance mode of the reshoring activities. As mentioned before, companies can decide on the degree of ownership and thus commitment while off- and reshoring, respectively. There may be an influence on the reshoring decision depending if the firm has only outsourced production or is producing in-house at the offshore location. Examples are an Italian and a Finnish manufacturing company which outsourced their production to subcontractors due to cost pressures, but then insourced (reshored to own facilities in Italy and Finland) due to a need for strategic change and quality issues, respectively (Baraldi et al., 2017; Gylling et al., 2015).

**Ownership**

The ownership mode, meaning if the company is owned privately or publicly could also have an influence on the decision to reshore. A privately-owned SME of one case study changed the ownership which caused the previous decision to offshore to be reconsidered and eventually reversed (Gray et al., 2017). Thus, organizational change regarding the ownership (e.g., from privately-owned to publicly-owned) could lead to a change in strategy and therefore influence the off- and reshoring activities (Gray et al., 2017).
External economic factors

Also, external economic factors are playing a role in the location decisions made by firms. They may influence other factors like costs and the time when the company is reshoring. Kinkel (2012) found that in times of economic crisis companies are reshoring their production activities rather than in prosperous times. A Spanish footwear company serves as an example for this. The global crisis led to a weaker demand in mid to high-end footwear, which in turn caused previously outsourced production to be brought back to Spain due to inefficiency and high required volumes in the Chinese production facility (Martínez-Mora & Merino, 2014). Furthermore, the fluctuation of exchange rate was found to be a possible contingent factor which leads to higher uncertainty and costs and thus may influence the decision to reshore (Gylling et al., 2015; Bailey & De Propris, 2014; Hartman et al., 2017a).

Product-related characteristics

Product-related contingent factors include those which emerge due to specifics of the product(s) that the company is producing (i.e., product complexity, bulkiness, price, customization and demand characteristics) (Benstead et al., 2017). Firstly, whether the product is more or less complex to produce may influence the reshoring decision. For example, a clothing manufacturer reshored complex garments due to quality problems, while keeping sweaters, which are relatively simple to produce offshore because there were no issues regarding quality (Gray et al., 2017). In the same vein, if the product is very bulky and thus causes high shipping costs (e.g., pillows entirely produced in China), the company may consider to reshore part of the production process to the home country to increase cost efficiency (e.g., fill the pillow in the UK) (Benstead et al., 2017).

Moreover, different price points of products from the same company can be a contingent factor affecting the reshoring decision. Different case studies showed that the production of high-end products is reshored to the company’s home country rather than low-end products (e.g., Baraldi et al., 2017; Martínez-Mora & Merino, 2014). The specific reasons can differ from case to case, being for example higher cost of production in the home country (Gray et al., 2017), lower demand for high-priced shoes (Martínez-Mora & Merino, 2014) or a positive made-in effect in the home location (Baraldi et al., 2017; Robinson & Hsieh, 2016).
Another product-related factor is the customization of the products. Customized products require more complex and sophisticated manufacturing techniques and additionally the demand may be more volatile than for standard products. Therefore, companies working with customization decided to reshore production due to quality issues and flexibility shortcomings (e.g., Gylling et al., 2015; Joubioux & Vanpoucke, 2016).

Lastly, the characteristics of the demand for the product may have an impact on the firm’s decision to reshore. Two cases within the examined studies reshored their production or part of it due to fluctuations in the demand. This could be seasonal demand, as in the case of a bicycle manufacturer (Gylling et al., 2015) or demand fluctuations due to economic crisis in the case of a Spanish footwear producer (Martínez-Mora & Merino, 2014).

**Strategy-related characteristics**

The overall strategic direction of a firm might also be a factor which impacts its location decisions. The strategic focus can influence the decision to reshore, as seen in different cases in the literature. A focus on innovation for example, may lead the company to reshore due to the possible loss of innovation potential (Di Mauro et al., 2017). Similarly, a focus on sustainability may require a company to reshore due to environmental concerns and a “local not global” sourcing strategy (Ashby, 2016, p. 82).

Also, when it comes to marketing strategies, such as positioning of the brand, there can be an impact on the decision to move the production back to the home country (Robinson & Hsieh, 2016). Improving the brand image, gaining more authenticity and leveraging the “Made in England” badge were the factors which made the luxury clothing manufacturer Burberry move back to the UK. In the same vein, Canham and Hamilton (2013) and Ashby (2016) found in their cases that company values such as local production (i.e., country of origin) and eco-friendliness may also impact the decision to reshore.

**Stakeholder-related characteristics**

Lastly, we found different types of relations that companies maintain within their networks during their off- and reshoring activities. These contacts consist of several actors, namely
suppliers, competitors and customers, all of whom share their interests in the focal company and can therefore be seen as stakeholders.

The stakeholder relations are crucial for every company and many of them have well established networks in their home country. However, while being abroad it can become very expensive and time-consuming to build up efficient networks of suppliers and partners (Kinkel & Maloca, 2009). We found different examples in the examined cases where the supplier relations were a factor which influenced the reshoring process. On one hand, an Italian shoe manufacturer used its extensive network of suppliers to facilitate the reshoring of part of its production (Baraldi et al., 2017), while a clothing company saw value in having trustful and reciprocal relationships to its suppliers during reshoring to the UK (Ashby, 2016). On the other hand, there are many cases where supplier relations have a negative influence on the company’s performance and thus lead to the reshoring decision. Opportunistic behavior (Ancarani et al., 2015; Hartman et al., 2017b), poor responsiveness (Moradlou et al., 2017) and unreliability in terms of prices (Gylling et al., 2015) of suppliers in the offshore location are examples which eventually led to quality issues and additional costs for the case companies.

Turning towards customer relations, it became clear that similarly to supplier relations, there may be an influence on the reshoring decision stemming from customer power and customer demands, respectively. Customers of two case companies were demanding price reductions and the delivery of smaller batch sizes and by that influencing the decision to reshore (Baraldi et al., 2017; Martínez-Mora & Merino, 2014). However, also the demand of consumers may have an impact on the company’s strategy and thus on the reshoring activity. In two case companies, the ethnocentrism (i.e., desire to buy local products) and the wish for sustainable products by customers were triggers to change the business model and eventually move the production back to their home country (Robinson & Hsieh, 2016; Grappi et al., 2015).

While crafting our literature review on contingent factors we noticed that several factors that we identified were actually presented as motivations by other authors. In our opinion there is only a thin line between contingent factors and motivations and of course different researchers have different perspectives to observe the reshoring phenomenon. As shown in chapter 2.3, the current
literature produced various reviews and a large number of motivations which have been partly structured and classified. We believe that the introduction of contingent factors, which influence the motivations, can bring a new perspective to the research and by that benefit practitioners in the field.

For example, scholars have found many motivations in the area which we introduced as the contingent factor of home and host country characteristics. Cultural and psychic distance, availability of labor and automation are seen by several authors as direct motivations to reshore (Foerstl et al., 2016; Wiesmann et al., 2017; Benstead et al., 2017; Di Mauro et al., 2017). While such a position could be explained by the specific scope of the study and its limitations (i.e., to reveal all possible motivations without interpreting and connecting to contingent factors), we do not necessarily agree with it. The above-mentioned factors are usually rather having mediating effects on the reshoring decision than being the main motivation to move the production back to the home country. This means, they might certainly be the basis or starting point of considerations. However, these factors usually lead to more severe issues, which in turn trigger the reshoring decision. We can take the cultural distance as an example. The differences in culture between the home and host country may, for example, result in quality issues, since the local staff is not skilled enough to perform the required tasks (Moradlou et al., 2017). Therefore, this will eventually lead to higher costs (e.g., coordination costs, costs to fix previous mistakes), which are in fact the actual motivation to reshore for most companies (e.g., Fratocchi et al., 2016). The same line of thinking could be applied to other examples, where specific factors are seen as direct motivators rather than contingent factors.

Since the described firm-specific contingent factors were identified in an indirect manner and, thus, can be only considered potential firm-specific contingent factors at this stage of the research, there is a need of testing this proposition. We will use it as a basis for our attempt to find out what firm-related factors have contingent effects on the decision to reshore. In the next chapter, we will demonstrate how these possible contingent factors lay the foundation for the empirical study as well as describe the methodology of conducting the research.
3. Methodology and Method

This chapter describes the methodology of the conducted empirical study and explains how and why specific choices were made. It also includes the description of the research process, data collection, and analysis techniques and touches upon the methods applied to guarantee a high quality of research including ethical considerations.

3.1 Research Philosophy

Research philosophy concerns the question of how researchers are dealing with knowledge (Easterby-Smith et al., 2015). Understanding philosophical issues is an essential step towards a high-quality research paper and can contribute to the creativity of the researcher (Easterby-Smith et al., 2015). In the following we will introduce and explain the philosophical assumptions which are being taken for our research paper. Since most of the debates among philosophers concern the two matters of epistemology and ontology, these shall be the two concepts that we use to present our philosophical stance.

Ontology is the philosophy of being and concerns different philosophical assumptions about the nature of reality (Easterby-Smith et al., 2015). Generally speaking, there are four different ontologies, each of them with a different perspective on facts and truths. The continuum ranges from the realistic view with only one truth and facts which are to be revealed, through to the nominalist view which implies no truth, and facts which are human creations (Easterby-Smith et al., 2015).

Epistemology in turn, is the philosophy of knowing and can be seen as the study of the nature of knowledge and ways of enquiring into the physical and social worlds (Easterby-Smith et al., 2015). Two contrasting views can be distinguished: positivism and social constructionism (Easterby-Smith et al., 2015). The positivistic epistemology suggests that only one single reality exists and that its properties can be measured through objective methods. The constructionist perspective on the other hand, views society or “societal reality” as determined by people rather
than by external factors. Hence, a positivistic researcher would rather be independent from what is observed and take an objective, measurable view on the study. Meanwhile, a researcher with a social constructionist perspective would not only gather facts and measure patterns, but also appreciate the different meanings and feelings that people assign to reality.

Coming back to the present research paper, we used the philosophical position of critical realism, which is by philosophical standards, a relatively new approach to ontological and epistemological issues (Easton, 2010). It is a compromise position between stronger versions of positivism and constructionism with more emphasis on the former and provides a structured way of thinking about social and organizational problems (Easterby-Smith et al., 2015). A key feature of critical realism is the idea of a stratified ontology, which comprises of three domains (Bhaskar, 1978, p.13).

<table>
<thead>
<tr>
<th>Real domain</th>
<th>Actual domain</th>
<th>Empirical domain</th>
</tr>
</thead>
<tbody>
<tr>
<td>causal powers and mechanisms that cannot be detected directly, but that have real consequences for people and society</td>
<td>events and actions that take place, whether or not they are observed or detected</td>
<td>the experiences and perceptions that people have</td>
</tr>
</tbody>
</table>

Table 3 Three domains of critical realism

Hence, our ontological and epistemological position is eclectic. On the one hand, we acknowledged that there are mechanisms and events taking place in the real (i.e., business) world that might have consequences for people or society, whether or not they are being observed by us (i.e., in the real and actual domain). On the other hand, since it is not easy to measure such events as for example a reshoring decision, we accepted that the reality is socially constructed and that we can use causal language to describe such a phenomenon. In other words, we tried to understand the reality by talking to the people involved in the reshoring cases, and by that trying to reveal their experiences and perceptions (i.e., in the empirical domain).
Further, the most fundamental aim of critical realism is the explanation of certain events (Easton, 2010), which is in our case the reshoring decision of our case companies. Therefore, with the choice of our research questions we aimed to shed light on the causal relations between firm-related factors and the motivation to reshore. This in turn corresponds to another key feature of critical realism, which is the idea that causality exists as the potential (i.e., contingent) rather than the automatic (i.e., necessary) correlation of events (Easton, 2010). We borrowed this exact idea by examining the causality between firm-related factors and the reshoring decision which we depicted as contingent, and not automatic. If we had assumed an automatic or necessary correlation, we would have rather been acting from a strongly positivistic perspective (Easton, 2010).

Critical realism is particularly well suited for case research (Easton, 2010), and thus also for our thesis. It justifies the study of any situation, regardless of the number of cases involved, providing that the process involves thoughtful in-depth research with the objective of understanding why things are as they are (Easton, 2010). The choice of such a philosophical position thus supported the aim of our research, which is to understand why and how specific firm-related factors influence the reshoring motivations. In the following section, we will focus on the case study method, explain why we chose it and what it means for our research.

3.2 Research Methodology

Methodology represents a combination of methods and techniques applied by researchers in order to investigate a specific situation (Easterby-Smith et al., 2015). This thesis represents a qualitative study, where the case study method was applied. The need of a case study emerged with the need of understanding a complex social phenomenon (Yin, 2009), which is in our case manufacturing reshoring. While selecting the methodology for the study, we considered the purpose of our research because consistency between the adopted methodology and the purpose is crucial (Easterby-Smith et al., 2015). Since the purpose of our study is to explore firm-related contingent factors and establish the links by explaining how contingent factors trigger motivations to reshore, a qualitative case study was a suitable method to serve the explanatory and exploratory purpose (Yin, 2009).
In contrast, quantitative research, which is aimed at establishing causal relationships between variables (Easterby-Smith et al., 2015), could not be applied in our research area, where no theories exist to be tested and little is known about the phenomenon. However, conducting a qualitative case study and developing propositions in this study could further allow other interested scholars to apply quantitative research to test the derived propositions.

We used multiple cases in order to address the limitation of the case study method of providing less basis for scientific generalization. Also, specificity of case study generalization, which comes in the form of theoretical propositions (Yin, 2009), meaningfully contributed to the aim of the study. An in-depth understanding of the reshoring context of each case and analysis of firm-specific characteristics within and across cases resulted in the development of propositions, linking firm-specific contingent factors and motivations to reshore.

Usually, the research process is associated with either a deductive or inductive approach (Eriksson & Kovalainen, 2015). By taking a look at our research process, it can be observed that it includes both deduction and induction. Identification of possible contingent factors from the previously-conducted empirical studies, which were later used as basis for addressing RQ 1, and the use of the already existing framework by Fratocchi et al. (2016) are in line with the deductive approach, where the hypotheses are developed based on the previous theories (Eriksson & Kovalainen, 2015). At the same time the ultimate aim of this study was to derive propositions from the empirical evidence, which is in turn consistent with the inductive approach (Eriksson & Kovalainen, 2015). Thus, such characteristics are more related to the intermediate position between two extremes (i.e., induction and deduction), namely abduction, which is the logic of exploratory data analysis to generate new hypotheses or ideas (Peirce, 1957).

### 3.3 Research Method

Methods are defined by Easterby-Smith et al. (2015) as tools and techniques for collecting and analyzing data. In order to make a fair assessment of existing options for selecting the best suited method for the current study, we started by evaluating the three important conditions proposed by Yin (2009) against our research situation. The results are presented below.
<table>
<thead>
<tr>
<th>No</th>
<th>Method</th>
<th>Form of Research Question</th>
<th>Requires Control of Behavioral Events?</th>
<th>Focused on Contemporary Events?</th>
<th>Current study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Experiment</td>
<td>how, why?</td>
<td>yes</td>
<td>yes</td>
<td>x</td>
</tr>
<tr>
<td>2</td>
<td>Survey</td>
<td>who, what, where, how many, how much?</td>
<td>no</td>
<td>yes</td>
<td>x</td>
</tr>
<tr>
<td>3</td>
<td>Archival Analysis</td>
<td>who, what, where, how many, how much?</td>
<td>no</td>
<td>yes/no</td>
<td>x</td>
</tr>
<tr>
<td>4</td>
<td>History</td>
<td>how, why?</td>
<td>no</td>
<td>no</td>
<td>x</td>
</tr>
<tr>
<td>5</td>
<td>Case study</td>
<td>how, why?</td>
<td>no</td>
<td>yes</td>
<td>✓</td>
</tr>
</tbody>
</table>

*Table 4: Assessment of suitable methods*

**Research questions**

Our study contains two forms of the research questions “what” and “how”, which are present in each of the five methods in column 1. Here it is important to emphasize that “what” serves an explorative purpose in order to develop propositions for further studies. Thus, survey and archival analysis methods, which are advantageous for descriptive and predictive purposes, become irrelevant for our study.

**Extent of control over behavioral events**

While talking about manufacturing reshoring, the main interest lies in the already made and implemented decision, which cannot be manipulated or controlled by the researcher. In other words, the focus on studying the past event (i.e., reshoring) and contingent factors affecting its motivations, makes the experiment method unsuitable to fulfill the purpose.

**Degree of focus on contemporary as opposed to historic events**

The reshoring phenomenon, as it was explicitly explained and discussed in previous chapters, clearly represents a contemporary event. Thus, it adds more value to the research by allowing to interview individuals, who were directly involved in the process (Yin, 2009).
The previous arguments clearly demonstrate that the case study method was more advantageous for the outlined research purpose and questions. However, the initially assessed five methods are not the only ones that exist. Hence, we referred to Easterby-Smith et al. (2015), who, in addition to case study and archival research, distinguish such methods as grounded theory, ethnography, action research, and narrative methods. The suitability of these methods was also examined for the current study.

Grounded theory was considered as a possibility for this research but was later disregarded due to its major outcome of theory development, which evolves through comparison of the same event in different settings (Easterby-Smith et al., 2015). In addition to slightly misaligning with the purpose of our research, it neglects the importance given to the reshoring context and firm-specific characteristics rather than the same event. Action research was not suitable since the focus of the study is on already occurred reshoring activity rather than on the firm in the transition phase from offshoring to reshoring. Ethnography and narrative methods were not applicable for a similar reason, whereas immersing into organization and learning what is currently being said about the past reshoring activity would not contribute to the purpose of our research. In the following section, we will proceed with the description of appropriate tools to collect relevant and useful data, which were applied.

3.3.1 Research process

As it has been mentioned in the methodology section, we applied a multiple case study, which is aimed at providing more scientific basis for generalization and consequent derivation of propositions (Yin, 2009). In order to achieve the outlined goals, it is crucial to have a clear understanding of the selected research method and its procedures. Hence, we adopted the approach suggested by Yin et al. (1985), which is presented below.
The theory development in this study took a form of derivation of possible contingent factors from existing empirical studies. Thus, a data collection protocol, which is a designed standardized agenda for our investigation (Yin, 2009), included the questions related to the contingent factors identified in the theoretical part of the thesis (Appendix 3). Modification of theory, which is in our case modification of contingent factors, served as the answer to RQ 1: What firm-related factors have contingent effects on motivations to reshore? The next step (i.e., development of policy implications), which is the development of propositions linking firm-specific contingent factors and motivations to reshore, provided the answer to RQ 2: How do firm-related contingent factors affect motivations to reshore?

However, between theory development and conclusion, there was a number of critical aspects for us to consider to be able to provide comprehensive responses and derive valuable conclusions from this research. Therefore, in the following pages we will shed light on case selection methods, data collection, and its analysis techniques.
3.3.2 Sampling strategy

To select the cases for our study, we applied purposive sampling, when the researchers know exactly what sample units correspond to the purpose of their study and, thus, purposely involve them in their study (Easterby-Smith et al., 2015). To identify the cases corresponding to the purpose of our research, the following criteria were considered:

- The unit of analysis is organization, meaning that each case is being represented by one firm;
- The base for the case selection is “reshoring activity” which could be partial or total, from offshoring or outsourcing to home outsourcing or self-production. This is in line with the adopted definition of manufacturing reshoring, which is defined as “a voluntary corporate strategy regarding the home-country's partial or total relocation of (in-sourced or out-sourced) production to serve the local, regional or global demands” (Fratocchi et al., 2014, p.56);
- The home country of the reshored organization is Sweden since we wanted to conduct face-to-face interviews. Moreover, reshoring motivations of Swedish firms have not been identified in empirical studies.

To select an appropriate amount of cases to study, we referred to the experienced case study researcher Eisenhardt (1989), who recommends to study between four and ten cases, which became our target. While searching for the cases, we faced a big number of difficulties to spot the companies who reshored. Unfortunately, such cases are not well covered in the newspapers, although they can be very significant for local economies. We reviewed online sources including news articles, sent out emails to 20 professionals who might know cases of reshoring in Sweden (e.g., experts from Business Sweden, contact persons of the Swedish textile association, Machine & Tool Association, Swedish Association for Construction Equipment, and others), and used our networks such as Jönköping University Alumni (LinkedIn group) to outline the cases of reshoring. As result, 32 companies were approached to participate in our study, of which only 12 responded. Seven of these companies refused to participate due to various reasons (e.g., due to lack of time or already being involved in a reshoring-related research), while five agreed. In the last moment one of the companies with scheduled interview dates dropped out, which left us
with the final four cases represented by unique firms and reshoring experiences. These companies with related information are presented in the table below.

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of employees</th>
<th>Reshoring from</th>
<th>Reshoring to</th>
<th>Dates of off- and reshoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>159</td>
<td>Denmark</td>
<td>Sweden</td>
<td>Offshored in 1980’s Moved back in 2011</td>
</tr>
<tr>
<td>B</td>
<td>200</td>
<td>Japan</td>
<td>Sweden</td>
<td>Offshored in 2008 Moved back in 2010</td>
</tr>
<tr>
<td>C</td>
<td>1000</td>
<td>Switzerland</td>
<td>Sweden</td>
<td>Offshored in 1990 Moved back in 2017</td>
</tr>
<tr>
<td>D</td>
<td>70</td>
<td>Slovenia</td>
<td>Sweden</td>
<td>Offshored in 2007 Moved back in 2014</td>
</tr>
</tbody>
</table>

*Table 5 Sampling: participating companies in the case study*

The respondents were identified within the firm based on the criteria that the individual was involved in reshoring decision making or implementation and possesses valuable information for the research.

### 3.3.3 Data collection

Conducting a qualitative research implies working with qualitative non-numerical data (Easterby-Smith et al., 2015). To collect case study evidence, we selected one of the most important sources, namely interviews. This source was highly appropriate to fulfill the purpose of our study because it helps to understand the point of view of the respondent, who in our case is the direct decision-maker or representative of a reshoring firm, and even derive new insights on the phenomenon, which were not observed in the review of the previous empirical studies (Easterby-Smith et al., 2015). In case of such discoveries, a feedback loop illustrated with the dashed-line (Figure 3) was allowing us to modify and redesign the protocol (i.e., the interview questions) and if needed select additional cases to proceed further without ignoring the discovery (Yin, 2009). During the data collection, the need to select additional cases did not appear.

To make sure that useful information can be extracted and new insights are not blocked from emerging, in-depth semi-structured interviews were used. Since we were dealing with multiple cases in the study, the five levels of questions presented below were relevant (Yin, 2009).

**Level 1: Questions asked of specific interviewees;**
Level 2: Questions asked of the individual case;
Level 3: Questions asked of the pattern or finding across multiple cases;
Level 4: Questions asked of an entire study;
Level 5: Normative questions about policy recommendations and conclusions.

With the purpose of designing semi-structured questions of Level 1 and 2, prior data on the respondents’ position and involvement in the reshoring decision and implementation as well as firm-specific information was considered. This process included extensive data gathering from secondary sources as firms’ websites, news articles, and databases as Amadeus. The collected secondary data, which represented mostly financial figures and other related information on the companies (e.g., locations, number of employees and facilities, product catalogue, etc.), helped to prepare for the interviews as well as triangulate the information provided by the interviewees.

In order to make sure that data is converging in a triangulation fashion (Yin, 2009), we planned to use at least two sources of data collection from each case. However, due to unexpected events, a second interviewee from Company C could not participate. We compensated this flaw by receiving additional answers via email from the Supply Chain Development Manager. Meanwhile, Company D did not have any other individuals who corresponded to the criteria we outlined for the interviewee selection. The participating respondents are presented below.

<table>
<thead>
<tr>
<th>Company</th>
<th>Position of Interviewee</th>
<th>Date of Interview</th>
<th>Duration of Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Sustainability Manager (SM)</td>
<td>10.04.2018</td>
<td>120 Minutes + tour through production facility</td>
</tr>
<tr>
<td>A</td>
<td>Improvement Coordinator (IC)</td>
<td>10.04.2018</td>
<td>120 Minutes + tour through production facility</td>
</tr>
<tr>
<td>A</td>
<td>Former CEO</td>
<td>16.04.2018</td>
<td>60 Minutes</td>
</tr>
<tr>
<td>B</td>
<td>Plant Manager (PM)</td>
<td>11.04.2018</td>
<td>160 Minutes</td>
</tr>
<tr>
<td>B</td>
<td>Planning and Logistics Engineer (PLE)</td>
<td>11.04.2018</td>
<td>30 Minutes</td>
</tr>
<tr>
<td>C</td>
<td>Supply Chain Development Manager (SCDM)</td>
<td>06.04.2018</td>
<td>120 Minutes</td>
</tr>
<tr>
<td>D</td>
<td>CEO</td>
<td>24.04.2018</td>
<td>120 Minutes + tour through production facility</td>
</tr>
</tbody>
</table>

*Table 6 Data collection: participating interviewees*
Although remotely-conducted interviews provide more flexibility and do not require interviewees to host the researchers at the specific time, we were aiming to conduct face-to-face interviews to establish trust and use the advantage of nonverbal communication and immediate contextualization (Easterby-Smith et al., 2015). While interviewing employees from Company A, it came to our notice that the most knowledgeable person who stands behind the whole process and decision of reshoring is the former CEO, who does not work for the Company A anymore. We managed to reach him through mobile phone and interview him via phone as it was the only possibility. For the further follow-up contacts with all the interviewees, when the initial relationship was already established, we communicated with the companies by email to gather clarifications and additional information to address Level 3 questions. Another important requirement for conducting interviews was the presence of both researchers to reduce bias. Since we do not speak Swedish, all the data for the research was collected in English. This did not put any limitations on our research since all the respondents were fluent in English and the reviewed secondary sources were available in English.

3.3.4 Data analysis

Following the eclectic advice of Eisenhardt (1989) we conducted both within-case and cross-case analyses. Referring to the selected research process (Figure 3), the first step was to analyze each case individually and write separate case reports before drawing cross-case conclusions.

Yin (2009) distinguished four strategies to perform within-case analysis, which are pattern matching, explanation building, time-series analysis, and logic models. Since the development of propositions was the ultimate aim of the research, the pattern matching technique requiring initial development of theoretical propositions (Yin, 2009) was not relevant. In the same vein, tracing the events in detail over time to be able to perform the time-series analysis was outside of the scope of this thesis. In contrast, explanation building was aligned with our purpose since it serves to explore causal links and develop propositions and ideas for future studies (Yin, 2009). In addition to explanation building, logic models were also considered to be helpful to establish cause-effect relationship and, thus, were useful while exploring the relationship between firm-specific characteristics and motivations to reshape. Moreover, the initial identification of
contingent factors in the literature made it possible to apply the logic models analysis, which implies matching empirically collected data with the predicted one (Yin, 2009).

The first stage in the within-case analysis was to differentiate between motivational and contingent factors following the story of each case (Appendix 5). In this stage, we relied on the most extensive list of motivations to reshore developed in the latest paper by Di Mauro et al. (2017). Afterwards, the factors identified as motivations were placed in the interpretative framework by Fratocchi et al. (2016) (Appendix 4) as well as in the causal relationship maps. Meanwhile, the identified contingent factors were used solely to construct the causal relationship maps and placed depending on which motivations they were influencing and whether they belonged to external or internal environments. The maps were organized in a chronological manner, logically following the experience of each case company.

Once the analysis of each case was performed and the results were recorded, we moved to the cross-case analysis applying the cross-case synthesis technique. Four matrices of Fratocchi et al. (2016) (Appendix 4) and causal relationship maps were put together to aggregate the findings from individual cases and to identify patterns, which led to the development of theoretical propositions (Yin, 2009). Here, a strong attention was given to argumentative interpretation since we were working with qualitative non-numerical data (Yin, 2009). After the analysis was performed, we contrasted our findings to the ones from previous empirical studies, which helped to discuss and connect them with the theory and derive logical conclusions. The described research method and techniques played a crucial part in fulfilling the purpose of the study and providing results of high quality.

3.4 Research Quality

Unlike quantitative research, qualitative research is often criticized for providing subjective results and lacking precision in measurement and quantitative rigor (Lincoln & Guba, 1985). Hence, it is even more important to show how a high quality is being ensured and to establish credibility of the research results. Generally, there are some aspects that we followed concerning the research quality. We were transparent, meaning that we were open and explicit about our
research design (Lincoln & Guba, 1985). This becomes evident while reading this exact chapter – the methodology. We attempted to inform readers about our procedures, sampling methods, and philosophical stance and make clear why we chose one direction over another. We were reflexive, meaning we were aware of the correlations and mutual influences that different elements of our thesis have on each other (Lincoln & Guba, 1985). We recognized that we as researchers could never be separated from the sense-making process and interpretation of our data (Easterby-Smith et al., 2015). Therefore, we tried to always take different perspectives, weigh arguments and consider possible consequences of our decisions. Furthermore, we were comprehensive, systematic, and consistent in our procedure (Lincoln & Guba, 1985). Chapter 2 serves as a good example for the two former attributes as we offered a comprehensive picture of the theoretical views on the reshoring phenomenon as well as a systematic review of the literature on motivations and firm-related factors. Further, we showed consistency in our methodology. We chose the philosophical perspective of critical realism which was perfectly suited for the case study research that we were conducting.

Considering our chosen research design of case study, the quality can also be judged by performing four logical tests and applying certain tactics in the different phases of the research project (Yin, 2009). We took the four tests of construct validity, internal validity, external validity, and reliability to ensure the quality of our thesis. Construct validity concerns the problem that case studies fail to develop sufficient operational sets of measures and are too subjective in nature. Internal validity treats the problem of explanatory case studies like ours, which sometimes present causal relationships in a wrong way (e.g., forgetting the significance of a mediating factor). Further, internal validity is threatened by the need of such case studies to make inferences based on interviews rather than actual, direct observations. The external validity concerns the low generalizability of the case study’s findings. Lastly, reliability is dealing with the necessity of a possible replication of the study with the same procedures and results.

Below are the corresponding tactics we applied and the phases of research in which the tactics occur.
<table>
<thead>
<tr>
<th>Test</th>
<th>Tactics to ensure research quality</th>
<th>Phase of research</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construct validity</strong></td>
<td>We used multiple sources of evidence, (e.g., by conducting extensive literature reviews and interviews with several people of one case company). We defined the reshoring phenomenon with the help of several theoretical perspectives and identified firm-related factors used in the literature.</td>
<td>Data collection</td>
</tr>
<tr>
<td><strong>Internal validity</strong></td>
<td>We identified patterns in the literature (reshoring motivations and firm-related factors), established causal links to be able to create propositions for future research (logic models, explanation building)</td>
<td>Data analysis</td>
</tr>
<tr>
<td><strong>External validity</strong></td>
<td>We used a purposive (theoretical) sampling and deliberately chose cases to be able to find patterns, similarities, and differences. With the development of propositions, we opened up possible future research streams to further generalize the results.</td>
<td>Research design</td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td>By providing an extensive methodology section and explanation of our procedures we offered all necessary information to be able to perform the same study and derive the same conclusions.</td>
<td>Data collection</td>
</tr>
</tbody>
</table>

*Table 7 Applied tactics to ensure research quality*

### 3.5 Research Ethics

Ethical considerations are one of the criteria for quality in qualitative research and should therefore play an important part in all stages of the research project (Tracy, 2010). Generally speaking, ethics are the study of morality and application of reason (Paul & Elder, 2006). More specifically, it concerns the obligation to protect the interests of the participants as well as the protection of the integrity of the research community (Easterby-Smith et al., 2015). According to
Bell & Bryman (2007) there are eleven ethical principles which are supposed to ensure avoidance of harm to the participants, informed consent, and lack of deception. These include for example respecting the dignity of participants, protecting their privacy and anonymity, and acting transparent and confidential with the collected data (Easterby-Smith et al., 2015).

As described in chapter 3.2, we used multiple case studies as our research design. Since this naturally influences the ethical issues we might have faced, we considered those ethical principles during our research project. Before gaining access to our participants and gathering data, we made sure that our topic was relevant and novel and did not just replicate studies which had already been published. After thoroughly studying the existing literature, we came up with a gap and created our research questions, which justified our research problem. Further, we were at no time pressured or forced into following this research direction (Easterby-Smith et al., 2015). It was our own, free decision to investigate the topic of resourcing.

In the phase of sampling and gaining access to our research participants, we used the principle of informed consent (Easterby-Smith et al., 2015). We informed our interviewees about the nature of our research, their role in it and potential risks that could result from their participation. For example, we sent our interview questions to the participants prior to the scheduled interview to ensure informed consent and transparency. Additionally, when sending out our contact requests and access proposals via email, we kept a polite, personal and appropriate language and style by for example introducing our topic in clear and simple language and already informing potential candidates about confidentiality and anonymity issues.

During data gathering and interpretation we considered the ethical principles of privacy, anonymity and confidentiality (Bell & Bryman, 2007). In terms of privacy, we made sure that our conversations remained private and that no participant had to fear to be discriminated against by colleagues. Further, we asked every case company if they would like to stay anonymous and followed their requests by not mentioning company names and sensitive financial data. We also protected individual identities by not mentioning name, age, or gender in any form. At last, we also ensured confidentiality by keeping our collected data at our hands at all times. After transcribing the interviews, we sent the transcriptions to our participants to ask for their approval.
This measure ensured that misunderstandings were avoided and that no harm would come to the companies or individuals. In the interpretation and analysis phase of the research project, we prevented bias by including all kinds of data, also negative evidence, which could lead to alternative interpretations. Furthermore, to avoid bias, both of us always developed their own interpretations before discussing the analysis in a reflexive way.

4. Analysis

In this chapter, we present empirical findings from the four cases combined with the respective within-case analyses. Following, the cross-case analysis aims to fulfill the purpose of this research by answering the two research questions.

4.1 Within-case Analysis

The within-case analysis is organized in a way to follow each case’s reshoring-related story from the perspective of the firm-related contingent factors identified in chapter 2.4. It starts with the background to introduce to the companies’ relevant specifics as their respective sizes, industries, products, and relationships with suppliers and customers. Further, the focus is moved towards the offshoring experience, followed by the reshoring move. By assessing the overall data, the motivational factors of each case are identified and placed into the interpretative framework by Fratocchi et al. (2016) (Appendix 4). In order to differentiate the motivational factors from the contingent ones, we developed chronological causal relationship maps for each case. These maps help to clearly see how and when different firm-related factors interfered with the motivations leading to reshoring of each individual firm.

4.1.1 Company A

Background

Company A is a Swedish manufacturer of plastic buckets and cans for food and chemical solutions, currently having two manufacturing sites in southern Sweden and sales departments in
Finland, Norway, and England. The medium-sized Company A is a member of a bigger group of packaging solutions, which is in turn owned by a family firm.

The company manufactures two types of plastic buckets: with a handle and without a handle, both of which can be tucked together and as result occupy less space during the transportation. Different products require different types of plastic (e.g., there are specific standards and regulations for food products versus non-food products) and “the recipe” for producing each type of bucket is different. Since specific types of plastic can only be purchased from specific locations, Company A’s suppliers are located in various countries in Europe as Finland, Belgium, Norway, and France.

The business is characterized as business-to-business (B2B), whereas produced plastic buckets vary in size and decoration, depending on the customers’ orders. Due to automated processes and low labor intensity, it does not take too long to change the machinery setup from producing one size to another or from printing one label to another. Thus, Company A is able to produce a wide diversity of products and satisfy a big number of customers.

**Offshoring**

In the 1980’s with the purpose of growing, Company A acquired a local packaging company located on the Danish northern coast, which was producing small plastic buckets to serve the booming at the time fishing industry located in the region. After the acquisition, the founder of the Danish facility stayed and kept the role of managing director (MD). Twenty years later the company faced its first major challenges when the fishing industry moved to the East of Europe pursuing cost advantages.

“The labor cost in Denmark has been rising and forced the fishing industry to move firstly to the East to countries as Poland. The facility in Denmark lost the majority of its customers.” [CEO]

In the beginning of the 2000’s Company A also was not doing well. The sales were going down making financial figures red, the production was not efficient with a big stock and long lead times, and several CEOs making attempts to save Company A were changed. In 2004, a new
CEO was hired, who decided to reorganize the company and adopt the lean philosophy. His approach was to work with customers to understand their major requirements with regards to product and service solutions. Thus, from being a cost-oriented mass production company, it shifted towards a customer focus to deliver high quality packaging solutions within 24 hours. As result of the improved processes, there was no need of having a warehouse, meaning that new space became available. New regulations in the European Union allowed Company A to serve new markets by providing solutions in such areas as paint packaging. The cooperation with customers let Company A offer more value to the customers by differentiating the products and introducing different labels and prints on the buckets, which were previously plain white.

“We changed the industry. Before it was about mass production and very much cost-oriented.”

[CEO]

“We started working with customers to understand what works best for them. We don’t only provide the product, we provide much more value by developing solutions together and supporting the customer.” [IC]

After the successful renewal of Company A, which was previously at the stage of shutting down, the trust from the family owners to the CEO was established. Due to this, the owners asked the CEO to take care of the Danish facility and implement a similar renewal as he did with Company A. In 2007, the process started with the first action of replacing the MD by Company A’s CEO. The process of reorganizing the offshore facility (i.e., the one in Denmark) appeared to be more challenging due to the cultural distance between Sweden and Denmark. According to the former CEO, the Danish way of doing business is more hierarchical and less transparent, which increases the difficulty of integrating the lean philosophy into the company’s operations.

“Our competitors in Denmark are still working with mass production, keeping high stock and having longer lead-times. This is more of a Danish way of doing business.

Their leadership is not efficient.” [CEO]

Despite the resistance to change, a small progress was still made and the figures were improved.
Reshoring

“There was another move in the fishing industry in 2007-2008. Peeling shrimp, for example, is cheaper to do by hand. Considering the rising costs of labor in Denmark, the industry moved again but this time to the South, to Africa.” [CEO]

Since there were no major customers left, in order to survive, the offshore firm needed to find new customers and markets to serve. Having the important condition of being close to the customer and the very small distance between Denmark and Sweden meant that the offshore and the onshore companies would become direct competitors. From a cost point of view, it was not reasonable to allocate some Swedish production to the Danish facility since this would only increase freight and logistics costs. Meanwhile, the production facilities of the firm in Denmark were getting old, requiring big investments. In 2009-2010, after realizing existing bottlenecks with the offshored plant in Denmark and increased productivity of the home plant in Sweden, the decision to reshore was assessed and approved by the top management.

“Family ownership played a part in reshoring. It was their first time shutting down a factory and laying off employees, which was not what we wanted to do. But they trusted me after seeing the results from working at Company A.” [CEO]

In the following year, all machinery from the Danish plant was moved to an unoccupied space in Sweden.
4.1.2 Company B

Background

Company B is a manufacturer of turnkey systems and robot controllers for the EMEA region and Australian market. It is fully owned by a large Japanese corporation, one of the biggest global players in industrial robot production.

In 1976, having a different name at the time, Company B was independently founded to manufacture turnkey systems and support Swedish sub-suppliers with automated welding machines and industrial robots. In 1978, Company B became the first overseas customer of the Japanese corporation and eventually its European agent. In 1993, the whole company was bought out and the Japanese corporation became its sole owner.

Today, being fully dependent on the Japanese corporation, Company B purchases robots from Japan, places them in stock, and as soon as there is a customer order, it manufactures a controller and adapts it according to the customer request. In general, Company B can be perceived as a hub where the robots from Japan are connected to the controllers (i.e., “the brain” of the robot). Nevertheless, due to its history, Company B still sees itself as a separate entity (i.e., not just as one of many foreign locations of the Japanese corporation), which is responsible for its own operations, sales, and eventual success.
Offshoring

As a consequence of the global financial crisis in 2008, which “killed the business” and led to sales volumes dropping by 50%, the Japanese owners made the decision to implement a global reorganization and centralize all production in Japan, where excess capacity suddenly appeared. Thus, the production of controllers for robots, which had been always manufactured and customized in Sweden for EMEA, was moved to Japan. The value chain for robots is very complex and involves multiple stages. The final stage – the customization of controllers – remained at Company B, since it is important to be close to the customer while developing the final 10% of “the brain” (i.e., customization).

“We had to layoff around 50% of our employees. It was a tough, very tough time. Our self-esteem was decreased and the moral went down, since losing production is never a very good thing.” [PM]

The new setup significantly reduced the operational flexibility of Company B. From now on, not only robots were supposed to be purchased and kept in stock but also the controllers. Considering that the demand for robots is hard to predict in general, the complexity was doubled since the controllers had also to be ordered in advance. The terms and conditions for new orders were dictated by the Japanese owners, who were only accepting orders of fixed kits, while Company B preferred to have a higher flexibility and order different units separately. Due to this, some of the units ordered in a kit did not represent any use for Company B, while increasing the costs and time to reassemble the kit and extract necessary units. The distance between Sweden and Japan together with an unpredictable demand increased lead times and affected relationship with European customers, who valued lower prices at faster delivery speed.

“We used to be the head office for Europe but after offshoring the head office was moved to Germany. It negatively influenced our position since customers prefer dealing with the one in charge. On top of everything, the Japanese owner changed our name (as a part of consolidation), which also had a negative effect since some customers assumed that the company was dissolved.” [PM]
These changes and the lack of flexibility resulting from the offshoring move after the crisis hurt the company. It became such a problem that Company B realized that it wouldn’t make sense for them to continue doing business in the same way.

**Reshoring**

After two years of dealing with the new process, whereas the complexities did not go away, Company B started to argue that this way of doing business is not suitable neither for itself nor for the Japanese corporation. The major arguments had to do with the increased complexity in the process, the waste of resources, and customer proximity.

Possibly due to a cultural problem the Japanese did not want to discuss the reshoring opportunity. As the Japanese top managers decided the move, it meant that no one, at least in Japan, was entitled to question it. It was difficult to convince the Japanese, since it meant to accept the possibility of making a managerial mistake of centralizing all production in Japan and not letting Company B produce controllers for the EMEA market. The motivation to reshore was influenced by the differences between Europe and Japan.

“*Japan has always had an ambition of producing “one size fits all” controller, which is a bit unrealistic due to different regulations and legislations in the various markets. The Japanese do not really understand the European market and its local legislations.*” [PM]

The objective in the whole reshoring process was to bring the production back to Europe, not even necessarily to Sweden. Meanwhile, the employees at Company B were very passionate to “fight to bring the production back”. The supply chain was already in place in Sweden, positive relationships with suppliers were maintained, extensive knowledge and people with the right skills were available. At this time, there was a change in the top management in Japan. However, the Japanese owners still wanted Company B to prove that the Swedish controller production is better, more efficient, and cheaper.

“*It would have been a bigger problem to convince the old President who decided on the shift to Japan.*” [PM]
After preparing extensive paperwork and cost analysis, attending board meetings in Europe, and presenting the results in Japan, the decision in favor of Sweden was finally made.

4.1.3 Company C

**Background**

Company C is a large company (around 1000 employees globally) specialized in the manufacturing of brazed plate heat exchangers. The firm was founded in 1983 and is now part of an American investment corporation, which has over 50 companies in its portfolio. Company C has five global manufacturing locations and numerous representations all over the world which is the result of their strategy to always stay close to customers.

The brazed plate heat exchangers are used where heat needs to be transferred efficiently in air conditioning, refrigeration, heating, and industrial applications. Company C is known for its technology and high expertise and can proudly claim to have a good brand image and a certain degree of market power. This holds true especially for Europe, since it is the home region where the company has its origins.
In general, Company C is very customer oriented and works hard on cutting costs and production efficiency to meet the market situation with its high price pressures. Customers also value the efficiency and the added value that the products entail. Company C sells solely in the B2B area and possesses around 35% of the global market of brazed plate heat exchangers.

**Offshoring and Reshoring**

When four entrepreneurs wanted to start Company C in the year of 1983 they needed investors. One of these investors was from a small town in Switzerland. His conditions to provide capital for the new company was an operation footprint in his town. This is why the company set up production in Switzerland and thus made this rather unorthodox offshore move. Of course, another reason to open a second manufacturing unit, was to grow and extend the business internationally.

The Swiss subsidiary plant was performing very well, and it had a stable high qualified labor force. In 1994, Company C experienced a change in ownership, as it was becoming part of the American corporation. Therefore, from then on, the management would have to report to the mother company and run all planned investment through an approval process.

After the global financial crisis in 2008, during the recovery phase the market was flat and no growth was being experienced. In these times, the management of Company C noticed that it was a good time to work on cost efficiency and to reduce complexities in the company’s setup. The production setup of the company with three manufacturing facilities in Europe only, was at that time too inefficient. It simply made the supply chain too complex and thus unnecessary costs such as coordination costs, logistics and freight costs were being created. Especially during this time after the crisis, the overall demand was relatively low, which led to excess capacities which were additionally increasing the costs.

“It was time to work on cost efficiency and reduce complexities.” [SCDM]

The management of Company C then decided to conduct an internal pre-study, in order to assess the possibility of moving the production from Switzerland to the existing, bigger facilities in
Slovakia and Sweden. The question was, if the equipment of the Swiss plant would fit in the existing buildings and facilities.

“It was very important for us to be able to incorporate the production of Switzerland into the existing facilities.” [SCDM]

Also, during the pre-study the project team examined how many people would have to be hired additionally and where to produce which product. In the end, they found that it is a good decision to go ahead with the reshoring move.

“The Swiss factory performed very well, and it had a stable high qualified labor force. Therefore, there were some worries internally to close down such a well-functioning plant.” [SCDM]

The pre-study revealed that there is enough capacity in the Slovakian and Swedish factories to take over 50% each of the Swiss production output. Thus, the management decided to propose the move to the mother company, whose management would eventually take such a decision. The Americans approved the investment and the reshoring move was announced in late 2016. In total the project took one year including the pre-study. The transfer itself was finalized in only five months’ time, since legal requirements in Switzerland made it necessary to announce the intention to move away production and grant a time of consideration and reflection for the local employees prior to the reshoring activities.

For the size of the company, two manufacturing facilities for Europe proved to be the perfect setup. This provides the security that in case of unexpected events, the demand can still be met.

“If there was no production facility in Slovakia, the reshoring might not have happened in the first place.” [SCDM]

The reshoring move was thus a result of the firm’s global reorganization, redefinition of its supply chain and the need to become more efficient and produce scale effects. The company’s strategy was clearly targeted towards growth and therefore competencies had to be consolidated and cost savings achieved. In Company C’s case and in the industry, it is important to have R&D
and innovation capability close to the production facilities. Competence centers with product management and design are located at all manufacturing sites.

4.1.4 Company D

Background
Company D was founded in 1974 and has 70 employees, who are all located at the company headquarters in Sweden. The company has been growing steadily, both in terms of revenues and number of employees in the last five years. It is a privately-owned firm with four co-owners. Three of them are working in the company at the moment, taking the positions of CEO, marketing director and production manager.

The company’s product portfolio is very diverse. It can be presented with the different materials that are processed, which are: rubber, cellular plastics, paper and plywood, adhesives, plastic fiber materials, textiles, heavy layers, and special accessories like t-nuts. In its diverse portfolio, compressed paperboard is a unique product type. It is solely used in the design segment, mainly for customers from the furniture industry.

Since the company is producing a very diverse portfolio of products there is not a single industry which Company D can be put in. The company can be seen as a one stop shop to some customers,
as it is offering several different products and manufacturing techniques. Therefore, some customers can for example purchase more from it and terminate relations with smaller suppliers.

The strategic direction of the company is growth-oriented. Investments in new machinery, technical staff and in marketing and sales activities are planned for the future. For the next years, Company D plans to introduce more production processes and diversify its product portfolio to include more complex products and more design options for their customers.

**Offshoring**

In 2002 Company D acquired a company operating in the compressed paperboard industry from a near town in Sweden to diversify its product portfolio and be able to offer a new material, paperboard, to its customers and to attract new ones from the furniture industry.

Due to the lack of paperboard suppliers in Sweden the company had to purchase raw material from Portugal, where there were still paper mills located. Additionally, labor costs were lower and thus the decision to redefine the supply chain was made. The machinery was moved to Portugal which meant that products would be produced closer to the supplier. Thus, the production was outsourced to a Portuguese paper mill, while the machinery was still owned by Company D.

In 2007, the paperboard industry started to die out due to the booming plastic solutions, which were a cheaper substitute to paperboard. As result, the Portuguese paper mill went bankrupt and the whole industry significantly went down while only a hand full of mills in Europe remained.

"*Our truck picked up our equipment from the factory in Portugal and was going with no destination. We had to make a very fast decision where to move the machinery."* [CEO]

At that time, one of the other locations from where Company D was purchasing paperboard was Slovenia. The company already had an established relationship with the supplier there. Further, Company D was able to find even cheaper and yet skilled labor, a good supplier relationship, and
a highly efficient paper punching machine. Thus, the truck with the company’s equipment obtained a direction to the paper mill in Slovenia.

“If we did not know and did not work with this paper mill, we would have never moved our production to this location.” [CEO]

Thus, the equipment of Company D was placed in the Slovenian paper mill and the production started. Some produced products were directly shipped to the customers in Germany, but the majority were shipped to Sweden, where they were distributed further. The cooperation was very prosperous for them - high quality products were delivered in a timely manner and the earnings on paperboard products were as high as never before. This move however, did not affect the strategy of the firm, its customers, suppliers, and the supply chain in general.

Nevertheless, as time passed by, the Slovenian paper mill’s future was becoming more and more questionable since there was no proper management in place. The mill did not have any development plan and no departments such as sales. The factory was a leftover manufacturing unit from former times which was not properly managed. It was bound to slowly but surely drift towards bankruptcy.

“It can be described as a communistic leftover when someone is telling you exactly what to do and you do it.” [CEO]

Reshoring

In 2014, Company D got a glimpse at the balance sheet of the paper mill and noticed red figures. A sister company of the Slovenian supplier had a debt of €100,000 to it. Unfortunately, it was clear that the paper mill would never be able to get this money back. Unlike in Sweden, in Slovenia there were no effective legal processes in place, which would have regulated the case and led to the bankruptcy of the sister company. Thus, the paper mill did not have any possibilities to counteract the situation legally in order to eventually get back the owed money. This in turn, resulted in the red figures mentioned earlier. Meanwhile, the ownership of the mill was changed and the new owner – an Austrian firm, tried to move the equipment to another company and lead the paper mill in to bankruptcy. At that time, for Company D it was difficult to keep track of all the “strange” movements which were going on in regard to the
ownership. The new Austrian owners made attempts to maintain a good relationship with it and keep up the delivery of products. However, after not fulfilling several promises and producing many contradictions, Company D could not trust such a partner anymore. These events, and the possibility of a bankruptcy manager being called in, made the company worry about the equipment which still belonged to it.

“They could have easily claimed our machines to be theirs. If the official investigation of bankruptcy started, it would have taken two years to make a verdict. In this time, all the equipment would be obsolete.” [CEO]

Having these thoughts in mind and a lot of uncertainty regarding the future of the Slovenian partner, Company D decided that this was the right time to move the equipment to Sweden and take full control and responsibility for the processes. This strategic move was also inspired by lessons learned from previous relocations to Portugal and Slovenia.

“Outsourcing to a foreign supplier adds too many complications. If one thing fails, we need to move again. Outsourcing could still be a possibility if the partner owns the equipment and is in charge of all production.” [CEO]

The movement was smooth and did not affect dramatically the firm’s operations at home and relationships with customers. Three employees from Slovenia came to Sweden to help to setup the production. Fortunately, there was available space at the facility and some untapped production capacity.

By assessing the reshoring move today, the termination of the supplier relationships and outsourcing in Slovenia was definitely a good long-term decision. Since the local Swedish employees now can see what is being produced in-house, they are having new ideas of how to improve the processes, develop new products and what new markets to serve. Further, although the compressed paperboard business is, due to the substitution by plastic, merely a niche market, Company D still sees good opportunities in the field. The unique paperboard products can serve as a door opener to attract furniture companies and eventually also sell other products to them.
The company doesn’t see the higher labor costs in Sweden as a bottleneck. After reshoring, the prices for finished goods increased, and yet none of the customers was lost.

4.2 Cross-case Analysis

The cross-case comparison, which is based on the within-case analysis, is organized in a way to follow the problem and purpose description of the current thesis, targeting the two issues of “what” and “how”. The “what” question incorporates the motivations of the companies to reshore and makes a distinction between these motivations and the firm-specific contingent factors influencing them. In the second part of the analysis, “how” serves as a bridge between firm-specific contingent factors and firm’s motivations to reshore, building a causal relationship between the two “whats”. Based on the in-depth analysis of these relationships, testable propositions are created.

4.2.1 What – motivations to reshore and influencing contingent factors

Out of the list of 42 motivational factors created in the latest review by Di Mauro et al. (2017), 23 were identified in our study. However, due to the applied belief that reshoring does not happen in isolation and, consequently, reshoring is influenced by context-specific factors, these
factors are not always pure motivations to reshore (Baraldi et al., 2017, Ashby, 2016, Benstead et al., 2017). The four causal relationship maps, which were developed for each case individually, helped to identify what factors were actual motivations for the firms’ decision to reshore and what factors were only affecting the occurrence or importance of actual motivations. As result, 15 factors (e.g., reduced operational flexibility and coordination costs) belong to pure motivations, five factors (e.g., psychic distance and emotional elements) have only contingent effects, and three factors (e.g., change in firm’s business strategy) were motivations for some cases while for others they had a contingent effect (Appendix 5).

19 motivational factors did not emerge in our findings. This is not surprising due to the number of cases in our study. Even in a dataset with 377 reshoring cases, Fratocchi at el. (2016) did not find support for the occurrence of five motivations. One of the most frequently used motivations to reshore in the same case study is “made-in effect”, which did not appear in our four cases. This finding can be explained by the fact that all four companies are working B2B and do not produce end-products. For the end consumer, it might be important where the product is made as it was demonstrated in the fashion industry (Ellram et al., 2013), however it does not necessarily imply the importance of the whole supply chain. The customers of our case firms (i.e., other businesses) in our case study give higher importance to delivery time and quality of the produced goods and provided services, valuing established relationships with their suppliers (i.e., our case companies).

The four matrices developed for each case during the within case analysis (Appendix 4) can be used to draw conclusions regarding predominant reshoring motivations with respect to the level of analysis and the firm’s goal (Fratocchi et al., 2016). These matrices demonstrate common motivation factors, which are concentrated in the left side of the framework and belong to the firm’s internal environment. This points out that all four companies reshored predominantly due to the processes happening in their respective internal environments. This argument is supported by the strategic changes, such as the decision by Company C to simplify the supply chain or a new centralization strategy in Company B imposed by the Japanese owners, which happened internally.
When it comes to the firm’s goal, another finding from our sample is that motivations related to customer perceived value are more apparent than the ones related to cost-efficiency. This is in line with the findings from previous studies, which proposed that reshoring is significantly influenced by value-related elements (Fratocchi et al., 2016). Firm’s relationships with customers and a B2B environment can also be useful to explain such a finding. After reshoring production to Sweden from Slovenia, Company D had to raise prices for the product but it did not influence their customers’ willingness to buy. A similar trend was observed in Company A’s case, which did not lose any customers from the offshored location, although the distance increased, implying increase in delivery costs. The companies explain it by the overall value they have been providing to the customers during the time of their ongoing relations. Interestingly enough, while customer perceived value motivations appeared in all four cases, motivations purely related to cost-efficiency (i.e., bottom half) were identified only in two cases (B, C). This can be possible explained by the fact that both of the firms are owned by big listed corporations, who tend to rely on statistical data.

The majority of the motivations fit into the hybrid sections between cost-efficiency and customer perceived value and external and internal levels of analysis. While discussing a similar finding in their framework, Fratocchi et al. (2016) raised a problem that it is difficult to clearly identify where the decision to reshouse originates from and demonstrated that reshoring is affected by the
changing context. We addressed this issue by analyzing the causal relationship maps, which represent a useful tool to track reshoring origins.

Proceeding with the “what” part of the analysis, we examined the cases regarding the presence of the firm specific contingent factors, which were earlier identified within the systematic literature review and are thought to influence the reshoring motivations of firms. In our four cases, evidence for the contingent effect of all nine factors was found. Moreover, these contingent factors already include the eight factors from the list of motivations (e.g., psychic distance, emotional elements, and change in firm’s business strategy) which were identified as contingent earlier in this section. In fact, all the nine factors are present in two of the cases, whereas in the other two cases we found seven contingent factors each. If we compare our cases with the previously published research, there are some obvious differences. On the one hand, all in all, the presence of contingent factors is much higher in our own case study compared to the already available data. On the other hand, the contingent factors of governance and ownership show significant deviations. We found these factors to be present in all of our cases (except for governance in case C), whereas governance was found in only two previously conducted case studies and ownership in only one. Also, strategy was found in all our cases, but only in five out of 21 previously published cases. This is not surprising, since we were the ones collecting primary data purposefully for our research, in contrast to the cases which were only used as secondary data with different research purposes.

4.2.2 How – influence of contingent factors on motivations to reshape

In the following, we present all nine contingent factors and corresponding propositions based on how the factors acted in the four case companies and influenced the reshoring motivations.

Size
The size of a company can be measured in many ways such as the number of employees, turnover, production volumes, etc. With respect to the number of employees, three firms are considered to be of a medium size with a number varying from 70 at Company D, 159 at Company A and 200 at Company B, while Company C is of a larger size with 1000 employees globally. This measure alone does not provide much value while assessing reshoring. Company
A and Company C, both of which had 25 employees in the offshore locations, mentioned that a relatively small size comparing to the home unit made it easier to reshore. For Company D, the offshoring move represented only 6-7% of its operations, which is not that significant according to the CEO. As result, at different points in time these three firms asked themselves if it made sense to have a nonsignificant offshore production facility. In contrast to the previous three cases, Company B’s experience is different. The offshoring move was as big as 90% of the controller production, whereas only 10% of customization was left for company. This drastic change not only made Company B lay off around 50% of its employees, it also affected the business operations. As a result, its operational flexibility suffered significantly due to the requirements imposed by Japan, total costs increased as well as inventory levels and lead times. This affected customer satisfaction, for whom time is an important factor.

A crucial factor for Company C was that after reshoring there were still two additional locations left in Europe (i.e., Sweden and Slovakia), otherwise it would have not considered the move. Here, where firms are operating in B2B environment, it is important to create and maintain reliable and trustworthy relationships. While describing the relationships with its suppliers, Company D expressed its preference to work with medium size companies, which are small enough to care about their customers and big enough not to be dependent on one person who can get sick anytime. Having this in mind, Company D strives to be the same reliable supplier to its customers as it expects its suppliers to be. Having two production facilities, according to Company C, means that in case of emergency, the company can always deliver what it promised. Company A’s former CEO also supports this way of thinking. Although during the time of reshoring Company A maintained only one location, later it bought out another firm in Sweden to have this safety cushion.

Proposition 1: When offshoring was done as part of the growth and does not represent a significant share in terms of turnover, production, or value creation, the company is likely to consider moving a small facility back home or to other locations.
Proposition 2: When the offshoring move is significant, it is likely that the company would reshore due to the occurred internal changes in the onshore locations, such as increased complexities and costs.

Proposition 3: When a firm has more than two production facilities within proximity or in the same region, it is likely to reconsider its strategy and reshore the smallest and least efficient one to simplify the supply chain.

Industry
All of our four case companies are doing business in a B2B context, but in different and unique industries. Naturally these industries have their own dynamics and different trends going on. In case company A, there was a change in regulations in the industry which made it possible that the products of the company can be used for a new application. Thus, the new regulations opened new opportunities in the home market and eventually influenced the reshoring motivation. Company D’s industry is very diverse and in fact many different industries are touching upon the operation of the firm. One of the industries, the paperboard industry, was almost dying out due plastic coming up as a substitute product. Therefore, this change in the industry led to a series of location changes which were necessary due to the closure of paper mills. The industry was in a downward spiral, yet the company wanted to hold on to the paperboard products. These developments eventually influenced the motivation to reshore and led to the decision to move the paperboard products back to the home country. In the case of Company C, the industry is characterized by high price pressures, especially when it comes to commoditized products, which are rather simple and standardized products. There are many competitors which are able to manufacture these products and thus it is essential to be very cost effective to keep up with the competition and withstand the price pressure. An upcoming trend in this industry is the automation of certain manufacturing processes. Especially commoditized products fall into this category and will be more automated in the future to keep the costs down. These developments, specific for the industry in which Company C is operating in, had an influence on the reshoring motivations of the firm since automation is being pursued mainly in the bigger manufacturing facilities and requires a lot of investments.
Albeit the apparent differences in the industries and its dynamics, there is one common factor which can be found in all of them – change. The case companies were all dealing with changes in their industries such as changes in regulations, emergence of new substitute products or new developments in technology. It has to be noted though, that it is not necessarily only the own industry of the firm (in the case of Company C) which is going through changes, but also the industries of customers (in the case of Company A) and suppliers (in the case of Company D) which can be an important factor.

*Proposition 4: If the company is operating in a B2B context, changes in the own industry, the industry of the suppliers or the industry of the customers can create a basis for the firm to reshore.*

**Home and host country characteristics**

Based on the analysis of the interpretative framework (Figure 8), internal factors were the major motivations to reshore. However, by looking at the causal relationship maps for each case, it becomes evident that the external environment, which includes home and host country characteristics, had a clear influence on firms’ motivations to move production home. According to the data collected from interviews, two measures of comparing and contrasting home and host country environment can be derived, namely cultural distance and physical distance. Although such theories as the Uppsala Internationalization Theory imply that closer geographical locations are also culturally less distant (Johanson & Wiedersheim-Paul, 1975), in case of Company A the opposite has been observed. After successful strategic improvements at the home facility, the CEO was trusted to take care of the struggling offshore factory located in Denmark. Despite geographical proximity, when it comes to business culture Sweden and Denmark are very different. The CEO of Company A characterized the Swedish business culture as more flexible and transparent, while Denmark is very hierarchical with an ineffective leadership style, which became the major bottleneck challenging the improvement of processes. The same description of the Swedish culture was voiced by Company B, which in its turn faced a big number of challenges due to a very hierarchical Japanese culture offshore. Company D’s experience with home and host country differences was related to legislation, even though both Sweden and Slovenia are located in the European Union. Company D got concerned with the possible future
bankruptcy of the offshored firm and pushed reshoring. The moment when Company A seriously considered to reshore was when the fishing industry in Denmark changed and the majority of its customers were gone. Staying offshore meant a meaningless direct competition with the onshore facility, poor performance and possible bankruptcy as well. “Reshore before it is too late” had also been on Company B’s mind when the concerns of customers were growing and complexities in a renewed supply chain did not go away.

Proposition 5: Regardless of physical proximity, when the home country’s business culture is very flexible and transparent and the one in the host country is hierarchical, the firm is likely to reshore due to the reduced flexibility and increased complexities such as resistance to change.

Proposition 6: Differences in characteristics of host and home country (such as leadership, market changes, legislation) influence the company’s anticipation of emerging risks and problems in the offshore location, which would push the company to reshore sooner in order to mitigate risks and avoid consequences of a possible failure.

Governance

In two of our cases there was a change in management (i.e., governance of the firm) during the considered time frame. In Company A a new CEO was appointed by the owners who introduced drastic changes in the firm’s strategy and processes. The company was modernized by introducing the lean manufacturing method and all processes were optimized. Only due to the fact that the firm went through these major changes – which also led to an increase in production capacity at home - they eventually took the decision to move the offshored production back to the home country. The second case (i.e., Company B) shows a similar pattern. It was due to a change in the top management, that the corporation which owns the focal company, was becoming more open towards new ideas and less attached to the previous decisions. The old management had taken the strategic decision to move all the production to Japan. Since the Japanese business culture is very hierarchical, the decision was not to be questioned albeit its problems and costs it entailed. Only when a new management was installed, a change in strategic thinking was achieved. This change eventually cleared the way for the reshoring move and its motivation - a correction of earlier managerial mistakes.
Proposition 7: A change in the governance domain (e.g., in the management) leads to a change in the strategic direction or business reorganization, and eventually lead to the motivation to reshore as a possible solution to correct earlier managerial mistakes.

Ownership

Three of our cases have external owners who are not involved in the management of the company. This setup is widely known to be causing difficulties due to information asymmetry or opportunistic behavior (Schulze et al., 2001). Naturally, when it comes to such an important decision as manufacturing reshoring, which usually represents a relatively high investment, the relationship and communication between owners and management is crucial. We found trust, especially trust from the owners towards the management, to be a determining factor in the reshoring decision and motivation. Company A, which is owned by a large family firm shows a high level of trust established between the owner family and the manager. This trust was developed over the years in which the manager had successfully introduced the drastic changes towards a lean manufacturing. The quality of relationships and personal ties within the firm are of utmost importance. The reshoring move of company A was thus possible despite the owners’ doubts about the closure of the old production location abroad. In the cases of Company B and C the owner-manager relation also played a role, however, in a different way. Personal ties or trust between owners and managers were not established from the beginning. Unlike in the case of Company A, the owners in the cases B and C have taken additional reinsurance measures before letting the management pursue with a reshoring move. For them, financial figures and hard facts pose the main grounds for important decisions. Hence, both managements of Company B and C had to prove to their owners that the step of reshoring the production is sensible, especially from a financial perspective. It comes as no surprise that cost-related motivational factors appeared only in these two cases. Company C conducted a pre-study in which the scope, feasibility and payback period of the move was analyzed. The management of Company B had to invest a lot of effort in presenting the reshoring and convincing the owners of the economic benefits. Hence, in these cases trust and personal ties were not as strong as in case A. This could also be connected to the size of the companies. Company A is rather small and there are personal relationships between manager, employees and owners. Company B and C in turn, are owned by large corporations and there are no personal relations. A kind of trust had to be developed artificially,
by showing the financial benefits of reshoring, which in turn, pushes cost-efficiency to be the major motivation to reshore.

*Proposition 8: In companies owned by large corporations, when trust from owner to manager is not well established, cost-efficiency becomes the major motivation in favor of reshoring.*

*External economic factors*

Evidence to support the influence of external economic factors on mostly internal motivations to reshore was also found in our sample. The global financial crisis was the major trigger for Company B’s global reorganization and offshoring to Japan, which in its turn led to internal onshore challenges motivating Company B to reshore. Company C’s initial ideas to reshore emerged after the global financial crisis as well, when the market was flat and the company needed to create growth by itself. As result, it also decided to reorganize the firm and make the supply chain less complex. From these two cases, it can be extracted that the global financial crisis influenced the change occurred in a business strategy. Fratocchi et al. (2016) excluded the global financial crisis from the list of motivations to reshore explaining that the concept is very vague. However, in our empirical findings the companies themselves mentioned it as a significant part of the offshoring/reshoring experience. In contrast, Company A was not affected by the crisis as much as it was by rising labor costs in Denmark prior to the crisis. This external economic factor did not influence Company A directly but it influenced the fishing industry which moved to Africa and consequently left Company A in Denmark with no major customers. Summarizing the experience of these cases, external economic factors created a general background for offshoring and consequent reshoring rather than directly affecting reshoring motivations. Such a finding can be explained by the fact that none of the firms in our case study reshored purely due to cost-related motivations. If any of our cases had a similar experience to a Spanish footwear company, which was affected by reduced demand, increased costs, and inefficiency of outsourcing production of footwear to China (Martínez-Mora & Merino, 2014), such an external economic factor would have had a direct impact on the firm’s motivations to reshore.
Proposition 9: External economic factors do not have a direct influence on non-cost related firm’s motivations to reshore but on other firm-related contingent factors, which in their turn influence motivations to reshore.

Product-related characteristics

One factor, the customization of the products, is becoming more and more important, also in the B2B industries. We found this point in our case companies, where customizable products are being offered. For Company A, B and C it is important to be close to their customers, understand them and establish good long-term relationships. When it comes to customized products these requirements become essential. Company A aims for short lead times and thus it becomes necessary to be as close as possible to their customers. These goals can only be achieved by having lean manufacturing methods which call for highly sophisticated processes. In Company B the production is complex, and all products are uniquely manufactured for the respective customers. This also leads to the necessity of efficient, technologically advanced manufacturing methods and the closeness to the customers. Company C offers customized products and requires a high efficiency of its products. To achieve this, it is important for them to have R&D centers close to the production facilities to be able to act quickly and ensure a tight cooperation between manufacturing and development. Company D also emphasized the importance of the proximity of production to all other value-adding departments (e.g., sales, finance and/or marketing) which creates opportunities for employees outside of production to generate new ideas and help the company to innovate. Due to all the necessities and requirements that the case companies have because of offering customized products, it becomes more economical to centralize the manufacturing on a few locations, which are close to the customers and consolidate the knowledge of the firm and possess sophisticated and technologically advanced production equipment.

Proposition 10: If a company offers customizable products, it is likely to reshore due to the need for centralizing production in the home country location which is close to customers, has a R&D department and advanced production methods.
**Strategy-related characteristics**

Each of the firms in our study is driven by their customers. For example, Company A is working together with its customers to develop the best packaging solutions and provides required support. Company C has been always taking a good care of its brand image to be perceived as a reliable supplier and industry leader. Company B describes its main strength in providing the best robotics solutions by understanding European customers and customizing each product in a unique manner. Company D prefers to produce everything by themselves (i.e., not outsource) to be responsible for the products delivered to their customers. However, this has not always been this way. A common feature among these cases is that each of them underwent a strategic change. Reshoring has never been a part of a strategy of any of the firms, however a possibility (Company A and C) or a necessity (Company B and D) to reshore evolved due the changes in the business strategy. Company A moved from mass production to lean manufacturing, which increased the onshore productivity and created space available for new machinery, which was previously occupied by the warehouse. While looking for ways to grow, Company C decided to simplify its complex structure and an opportunity to move the least significant facility to well operating locations with available capacity emerged. Company B’s strategic change to centralization created so many challenges that the only possible solution to correct the earlier mistake was to reshore the production back to Sweden. Company D is also an example of an unpleasant offshoring (i.e., outsourcing) experience. After having to move its machinery twice (i.e., to Portugal and to Slovenia), it shifted its orientation from cost to control, which implied in-house production.

*Proposition 11: Strategic change which results in organizational, product, or process improvement increases attractiveness of reshoring by creating necessary conditions for it to happen (such as untapped capacity onshore).*

*Proposition 12: Strategic change which negatively affects the home location increases attractiveness of reshoring, motivated by the necessity to correct an earlier managerial mistake.*
**Stakeholder-related characteristics**

Customers as stakeholders of the companies are having a special kind of influence on the location decision in the examined cases. It became clear that three of our four case firms put high value on closeness to customers, even if they all have different reasons for that. Company A’s overall strategy is highly focused on its customers. The goal is to understand the customers’ needs and maintain a close relationship. They mainly value short delivery times and a good service quality. Thus, in order to achieve these demands of the customer it is essential to be as close as possible to them. Furthermore, the nature of the products and industry makes it unreasonable to ship the products farther than a certain distance. Therefore, the vast majority of the customers naturally is located close to the home region. In case of Company B, the customers also value price in addition to short lead times. In order to fulfil short lead times, it is beneficial to produce as close as possible to the customers. In this case, the offshore production took place in Japan, which led to a major increase in delivery times. The robotics products are complex and customized which makes it even more important to be close to the customers to be able to understand their requirements for the customized product and act quickly to possible changes. Additionally, due to the sophisticated products and industry, it is essential to understand the market and its specifics like legislation and customer needs. Thus, having the production close to the market and the customers is an important asset for Company B. At last, for Company C it is important to be able to meet the demand quickly and offer customized products. Therefore, it is key to have a production facility as close as possible to the customers to be able to deliver quickly, work closely with them and understand their needs. Further, some customers value the local production, in this case in Europe, due to special regulations in this industry. The European customers for example would not accept products which were manufactured in Asia. All in all, our cases show that stakeholders, especially customers and their location, have had an influence on the companies’ reshoring motivations.

*Proposition 13: Companies with a customer-oriented strategy with customized products and an aim for short lead times, are likely to reshore due to the need to be close to their customers.*
5. Discussion

*In the following chapter, we applied a reversed “funnel approach” to take a broader perspective and discuss the results from the analysis of our findings. The purpose of this chapter is to share this knowledge by communicating it through interpretation of our empirical observations. At the end of the chapter we emphasize the contributions made to economic agents such as scholars and practitioners.*

To discuss the results of the analysis, we are going beyond our empirical findings to be able to explain them from a theoretical perspective in relation to previously published research. In the beginning of this study the following RQs were set:

*RQ 1: What firm-related factors have contingent effects on motivations to reshore?*
*RQ 2: How do these firm-related contingent factors affect motivations to reshore?*

While pursuing the answers to the research questions, a number of significant revelations related to the reshoring phenomenon emerged. Some of those discoveries are directly linked to the RQs’ answers, while others are related to the broader research context. We believe that these findings deserve to be discussed as they represent the major contributions to the theory and further research.

To address the RQ 1, there was an initial need to differentiate between firm’s actual motivations and the factors, which were only having a contingent effect. Previously in the academic area, this has been done only once by Benstead et al. (2017) who were following a contingency theory perspective. While studying these differences in chapter 2.3, it was observed that depending on the adopted theoretical lenses, some factors can represent pure motivations to reshore, while others are rather the factors influencing actual motivations. This point is valid in our study as well, where we applied all common theories incorporated in the framework (Fratocchi et al., 2016) as well as contingency perspective assuming that firm-related factors have contingent effect on motivations to reshore. If we contrast our list of 23 appeared factors (15 pure motivational, five contingent, and three appearing in both roles) with the comparison in section
2.3, existing discrepancies are obvious. The only factor which has a contingent effect in both comparisons is “emotional elements”. Fratocchi et al. (2016) found in their study that this factor does not fit into any quadrants of the framework, which can be explained by the specific attachment of entrepreneurs to their homelands (Andersson, 2000). In our study, emotional factors mostly belong to such firm-related contingent factors as governance and ownership, regardless of the fact if the owner is the governor. This difference in findings opens a new possibility of looking at reshoring from intrapreneurial (i.e., corporate entrepreneurship) perspective and discover a new set of motivations and contingent factors related to the context of managers being or behaving like corporate entrepreneurs (Morris et al., 2011). This adds to the suggestion of Simpeh (2011) and attempts of Andersson (2000) to include entrepreneurial theories while exploring reshoring motivations.

Other observed differences between our classification and the one in previous studies include five factors. One contingent factor from the earlier research (Benstead et al., 2017), namely correction of earlier managerial mistake, is the major motivation in one of our cases (Company B). This difference is linked to individual perception of a “mistake” and can be easily underestimated (Fratocchi et al., 2016), which is also one of the reasons why some companies do not publicly announce and discuss reshoring (Hennart et al., 2002; Hamilton & Chow, 1993). In case of Company B, the management of a home facility, who was not responsible for the decision to offshore called it a “mistake” and motivated the need to reshore using corresponding arguments. Linking it to bounded rationality of managers (Foerstl et al., 2016), it is possible that in a different context (i.e., when the home managers were responsible for the decision to offshore) the major motivation to reshore might have not been directly related to a managerial mistake but rather have a contingent influence (Benstead et al., 2017) due to miscalculations (Gray et al, 2013; Kinkel, 2014). In addition to this discrepancy, four motivational factors in previous studies, namely production and delivery time impact, vicinity R&D and manufacturing, untapped production capacity at home, and psychic distance appeared as contingent factors in our findings. The former three factors in our cases belong to the companies’ strategies (e.g., available space as result of strategic change or “24-hour delivery” strategic promise to customers in case A) and industry requirements (e.g., necessity of having R&D close to manufacturing in case C). The result of these factors appearing as contingent in our cases is not surprising since it has already
been anticipated by Di Mauro et al. (2017), who have proposed in their study a possibility of heterogeneous reshoring motivations to be influenced by such factors as the industry and the firm’s strategic direction. Regarding psychic distance, it has always been a part of home and host country characteristics, which was only adding complexities of doing business in our cases and not being a direct motivation itself. Such finding can be explained by the offshoring locations in our study (i.e., Japan, Denmark, Switzerland, and Slovenia), none of which has poor manufacturing quality culture as it was in case of offshoring production to China, which made this cultural difference a major motivation to reshore (Zhai et al., 2016). The discussed discrepancies in classification of motivational and contingent factors and possible explanations of their occurrence once again prove the importance of the reshoring context, which seems to dictate what factors become the motivations and what factors are only stimulating them.

While studying the story of each case and the corresponding causal relationship maps, the connection between the companies’ offshoring and reshoring evolved as a crucial component. Most of the previously conducted research describes offshoring as a move driven by cost considerations (Di Mauro et al., 2017, Bailey and De Propris, 2014; Canham and Hamilton, 2013). On the contrary, our findings from Company A and C point out another strategic reason to offshore, which is international growth. Additionally, the offshoring move for Company B was more of a response to the global financial crisis and the mother company’s attempts to survive in tough economic conditions. Common for all three cases is that their offshore destinations, namely Switzerland, Japan, and Denmark, were not low-cost countries. Although Company D mentioned cost cutting incentives of locating its production in Portugal, while moving it to still lower cost Slovenia, the major reason was to be close to the paperboard resource, which is required for production. The studies conducted by Fratocchi et al. (2016), Di Mauro et al. (2017), and Bals et al. (2016) suggest the lack of correlation between motivations to offshore and reshore, meaning that they do not mirror each other. Since this was not within the scope of our research, we cannot make a reasonable judgement. However, the analysis of the causal relationship maps of each case shows that the events happening in the offshore locations (Company A and D) or their influence on the onshore firm’s operations (Company B) influenced the firms’ consideration of the reshoring possibility. Thus, our findings point out that offshoring cannot be treated as a separate event since its characteristics and context influence the firm’s motivations to
reshore. This is in line with the proposition by Di Mauro et al. (2017), who assumed that motivations to reshore are possibly affected by the motivations that led companies to offshore.

Each of the nine factors which we previously identified in the literature was found in our cases as well. However, what we found regarding these factors was not exactly the same. For example, in the literature we found that possible size characteristics influencing firm’s reshoring is related to the number of employees (Benstead et al., 2017; Ancarani et al., 2015). In our sample, size was measured in terms of the production share and number of facilities in the region. Another example is ownership, which was mentioned in the literature as the change from private to public ownership (Gray et al., 2017). In our findings, we found that not only a change is a significant factor but there is an influence on motivations to reshore depending on who the owner is (proposition 8). This shows that the contingent factors can be differentiated further and include a variety of attributes, as it was attempted by Benstead et al. (2017) who diversified product-related contingent factors into size, weight, etc. A similar logic can be applied to all firm-related contingent factors and for example size can be further explained in terms of the diversity of produced products and ownership can be described as publicly or privately owned, family firms, etc. This demonstrates that similarly to reshoring being a multidimensional phenomenon (Fratocchi et al., 2016), firm-related contingent factors are also multidimensional and can be studied further from various perspectives.

The framework developed to analyze motivational factors by Fratocchi et al. (2016), which was applied in the within- and cross-case analyses of the current study, was proven to be a useful tool to draw connections between firm-related contingent factors and its motivations to reshore. It incorporated the major theoretical perspectives, which also explain reshoring motivations of our cases (Fratocchi et al., 2016). However, it would not be possible to establish this link without incorporating additional theories in our study, such as a contingent point of view. Our findings demonstrate that each firm reshored due to various motivations, which cannot be explained by the usage of a single theory. For example, in case of Company B, cost-related motivations are present and follow TCE, meaning that the production was moved home to pursue lower costs (Ellram et al., 2013). At the same time, another crucial motivation for the same company was the correction of an earlier managerial mistake (i.e., underestimation of consequences of moving
production to Japan), which is line with RBV (Fratocchi et al., 2016; Di Mauro et al., 2017). Additionally, these motivations were triggered by other factors coming from internal and external environments of the firm (Figure 5). This finding confirms previously presented results by Fratocchi et al. (2016) that reshoring is a multidimensional phenomenon which depends on the factors from internal as well external environments. Building on this, our study and respective findings extend the framework by Fratocchi et al. (2016) by taking some of the so-called external and internal environment factors outside of the framework and considering them as contingent factors, which are context specific.

Answering RQ 2 requires to make use of the identified nine contingent factors from RQ 1 to investigate how exactly these factors affect reshoring motivations. Since we are the first to introduce these nine factors, previous publications did not treat the same questions. However, from a theoretical perspective, the theories previously used to explain motivations to offshore and later the motivations to reshire can also be applied to justify firm-related factors and their influence on these motivations. It appears that depending on the reshoring motivations and whether they are explained by RBV, TCE or Internalization Theory or other theories, firm-related factors can behave differently. One of the propositions developed in the analysis underlines that external economic factors do not directly influence non-cost related motivations to reshire. Consequently, if reshoring motivation can be explained by Internalization Theory, whereas a firm’s move was motivated by the disappeared initial advantage of cost efficiency, external economic factors would have a direct effect on the motivation, as it was demonstrated in the Spanish footwear industry by Martínez-Mora & Merino (2014). This is not the only example, where due to the applied theoretical perspectives, our findings and developed propositions include dimensions which have not been looked at in the previous research.

Another finding points out that stakeholders, in our cases especially the proximity of customers were an important influence on the decision to reshire (see proposition 13). Contrary to previously published cases, other stakeholders such as suppliers did not seem to affect the reshoring motivations in our study. The IMP perspective (Industrial Marketing & Purchasing) provides an interesting tool to take a theoretical point of view at these findings. It sees reshoring as a re-embedding of particular activities in the localized network structure (i.e., network of
customer and suppliers) of the home country location (Baraldi et al., 2017), which represents an effort since activity links have to be recreated. All of our case companies however, never completely stopped production activities at home and thus all networks were still in place during the whole offshoring time. Even company B which offshored a major part of production retained good relationships to its suppliers at home which resulted in a facilitation of the move back. Costly re-embedding activities to reintroduce “novel” elements in the old location like in the case of an Italian shoe manufacturer (Baraldi et al., 2017), which would be implied by the IMP perspective, were therefore not necessary for our case companies. Shifting the focus from suppliers towards customers, our case companies highly value the proximity to their customers due to customer-oriented strategies. Thus, besides the maintained relations with suppliers, for our case companies the established network to customers in the home region influenced the motivations to reshore due to the need to be close to them. The IMP perspective suggest that interdependencies created by inter-organizational relationships and networks both constrain and enable the behavior and strategic choices of firms (Baraldi et al., 2017). Whereas in our cases the established inter-organizational networks were solely enabling the strategic choices of the firms, it is certainly necessary to further investigate reshoring from an IMP perspective to minimize the constraining effect of networks.

When comparing the results of our case study with the results of the previously conducted studies it becomes clear that some of the findings could be confirmed while we were not able to find evidence for others. The characteristics of the cases of earlier research are both in itself and compared to our cases very diverse and different. One prime example for this is that previously published cases were mostly business-to-consumer (B2C) cases whereas we have solely B2B cases. We for example found discrepancies in the product, strategy and stakeholder contexts. In previous studies, different price points of end-consumer products, like low-end versus high-end shoes (Baraldi et al., 2017; Martínez-Mora & Merino, 2014) were an important factor which influenced the decision to reshore the production. Further, marketing strategies such as a specific positioning and the made-in effect, like in the cases of luxury and sustainable clothing companies (Robinson & Hsieh, 2016; Ashby, 2009), seem to play a crucial role in B2C contexts. Stakeholder relations, especially with customers are another example which shows differences between B2B and B2C areas. Customer demands and power, such as consumer ethnocentrism
(i.e., the desire to buy locally produced products) were influencing the reshoring decision of the case company in the study of Grappi et al. (2015). All of these examples demonstrate the need to investigate the obvious discrepancies between companies in the B2B and B2C areas. Interestingly enough, we could also find one similarity, regardless if B2B or B2C, which is the offering of customized products. This seems to play a part in both business contexts, as shown in proposition 10 and the case of a bicycle manufacturer who offers customized products and reshored due to flexibility and quality issues (Gylling et al., 2015). After all, the results of our study point out that the distinction between B2B and B2C relations of a company should be taken into consideration when studying reshoring.

An interesting pattern emerges when comparing our results and the ones of previous case studies as evidence for some findings was found while for others it was not. The consistent findings in terms of the influence of contingent factors are located in the external firm environment whereas insights, which have not been mentioned in the literature before, arose in the internal environment. This can be seen when looking at the causal relationship maps. Contingent effects of firm-related factors that are very similar in our and previous studies’ results are the two external contingent factors, namely external economic factors and industry. Kinkel (2012) found that in times of economic crisis companies are rather reshoring their production activities than in prosperous times. Although we cannot directly prove this finding, the proposition 9 suggests an indirect relationship between external economic factors and motivations since in our cases the global financial crisis influenced other firm-related contingent factors. We further found in the previous research that the specifics of the industry, such as a consumer-driven focus in the case of the luxury clothing industry (Robinson & Hsieh, 2016) or a pursuit for business opportunities in the aeronautic industry (Joubioux & Vanpoucke, 2016), can actually influence the motivations to reshore. All of our case companies are acting in different industries, yet we were able to find changes in the respective industries to have contingent effects on the reshoring motivations (see proposition 4). All other contingent factors rather show different results in previous cases and belong to the internal environment of companies. As examples serve the above-mentioned results of the strategy and product factors. This discrepancy between the results in the internal and external environment of reshoring firms seems logical. External factors such as the global financial crisis or overall changes in the industry are usually not unique to a specific firm,
whereas internal factors such as strategy, product and ownership are strictly distinct for each individual firm. This finding can be connected with Fratocchi’s (2016) framework which divides the observation of the motivations into internal and external environment of the firm. As mentioned before, the motivations of our cases are clearly concentrated in the internal environment. This concentration on firm-specific internal motivations could explain the lack of further congruencies in regard to the findings on contingent factors of previous studies and our study. Future studies on firm-related contingent factors could thus further investigate the distinction of internal and external environment and its effects on the reshoring motivations.

5.1 Contribution

Following the discussion and the purpose, this research paper aims to add value by contributing to a deeper understanding of reshoring and its motivations for theory and practice alike. We were able to generate 13 theoretical propositions and outline the importance of the firm’s context when studying reshoring and its motivations. By further exploring the reshoring motivations we continued previous research directions and avoided to make the literature on reshoring even more fragmented. With our focus on firm-related contingent factors, we tapped into an undiscovered area. We contributed to academia by introducing nine factors alongside the mentioned propositions, both of which can be seen as an incremental step for further research possibilities in the field. The thesis also raised the question for scholars of what the real motivations for reshoring are. We showed that depending on the theoretical perspective not all motivations are direct ones, but rather contingent factors that influence direct motivations. Additional research is needed in this direction, to find out more about the significance of the use of theories such as RBV, TCE, Internalization Theory and other theories in the entrepreneurial field of study (e.g., corporate entrepreneurship). Also, we found initial evidence of the importance of B2B versus B2C business natures, which can be possibly one of the major constructs of the reshoring context. Finally, we demonstrated that the wider context of off- and reshoring matters and call for more holistic approaches to avoid neglecting the firm’s stories before reshoring which also influence motivations to resho
Practitioners can also make use of our research, particularly when it comes to decision making. Our results and propositions can help managers of firms that consider reshoring by solving their location decision dilemma in a more efficient way. Similarly to scholars, companies should take a holistic point of view and take into consideration all firm-related contingent factors when taking location decisions. A good preparation of the onshore location and good relations with suppliers can for example facilitate the reshoring experience. Further, since the context matters, our propositions also may help companies that consider offshoring by better planning and being able to anticipate challenges. Lastly, we contribute to the broader business context by showing the importance of stakeholders. Companies in the B2B context should always be aware of their customers’ and suppliers’ activities since they can possibly pose risks for the whole supply chain.

6. Conclusions

This final chapter summarizes the output of this research in a concise way. Conclusions are derived from the analysis and mirror the research questions, which were proposed to address the purpose of this study. By adopting a critical point of view, the limitations of this case study are presented and explained. Finally, suggestions for future studies are made to address the previously stated limitations, improve the research, and continue investigation of the reshoring phenomenon.

The reshoring phenomenon has received rising attention in the last decade, with most research focusing on the reshoring motivations of firms. In this research paper, we attempted to explore further the question of why firms reshore, link the motivations to firm-related contingent factors and develop theoretical propositions which add value for theory and practice alike. We started by introducing reshoring in a wider context and presenting the fragmented and descriptive nature of the research which led us to our purpose. In the frame of reference, we defined and examined reshoring from different theoretical perspectives, presented the extensive list of reshoring motivations previously discovered by other scholars and eventually derived firm-related contingent factors by conducting a systematic literature review. A multiple case study methodology was applied, which allowed us to perform in-depth studies of four reshoring cases of Swedish companies.
<table>
<thead>
<tr>
<th>RQ 1: What firm-related factors have contingent effects on motivations to reshore?</th>
<th>RQ 2: How do firm-related contingent factors trigger motivations to reshore?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size</strong></td>
<td><strong>P1</strong>: When offshoring was done as part of the growth and does not represent a significant share in terms of turnover, production, or value creation, the company is likely to consider moving a small facility back home or to other locations.</td>
</tr>
<tr>
<td><strong>P2</strong>: When the offshoring move is significant, it is likely that the company would reshore due to the occurred internal changes in the onshore locations, such as increased complexities and costs.</td>
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<tr>
<td><strong>P3</strong>: When a firm has more than two production facilities within proximity or in the same region, it is likely to reconsider its strategy and reshore the smallest and least efficient one to simplify the supply chain.</td>
<td></td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td><strong>P4</strong>: If the company is operating in a B2B context, changes in the own industry, the industry of the suppliers or the industry of the customers can create a basis for the firm to reshore.</td>
</tr>
<tr>
<td><strong>Home and host country characteristics</strong></td>
<td><strong>P5</strong>: Regardless of physical proximity, when the home country’s business culture is very flexible and transparent and the one in the host country is hierarchical, the firm is likely to reshore due to the reduced flexibility and increased complexities such as resistance to change.</td>
</tr>
<tr>
<td><strong>P6</strong>: Differences in characteristics of host and home country (such as leadership, market changes, legislation) influence the company’s anticipation of emerging risks and problems in the offshore location, which would push the company to reshore sooner in order to mitigate risks and avoid consequences of a possible failure.</td>
<td></td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td><strong>P7</strong>: A change in the governance domain (e.g., in the management) leads to a change in the strategic direction or business reorganization, and eventually lead to the motivation to reshore as a possible solution to correct earlier managerial mistakes.</td>
</tr>
<tr>
<td><strong>Ownership</strong></td>
<td><strong>P8</strong>: In companies owned by large corporations, when trust from owner to manager is not well established, cost-efficiency becomes the major motivation in favor of reshoring.</td>
</tr>
<tr>
<td><strong>External economic factors</strong></td>
<td><strong>P9</strong>: External economic factors do not have a direct influence on non-cost related firm’s motivations to reshore but on other firm-related contingent factors, which in their turn influence motivations to reshore.</td>
</tr>
<tr>
<td><strong>Product-related characteristics</strong></td>
<td><strong>P10</strong>: If a company offers customizable products, it is likely to reshore due to the need for centralizing production in the home country location which is close to customers, has a R&amp;D department and advanced production methods.</td>
</tr>
<tr>
<td><strong>Strategy-related characteristics</strong></td>
<td><strong>P11</strong>: Strategic change which results in organizational, product, or process improvement increases attractiveness of reshoring by creating necessary conditions for it to happen (such as untapped capacity onshore).</td>
</tr>
<tr>
<td><strong>P12</strong>: Strategic change which negatively affects the home location increases attractiveness of reshoring, motivated by the necessity to correct an earlier managerial mistake.</td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholder-related characteristics</strong></td>
<td><strong>P13</strong>: Companies with a customer-oriented strategy with customized products and an aim for short lead times, are likely to reshore due to the need to be close to their customers.</td>
</tr>
</tbody>
</table>

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*Table 8 Firm-related contingent factors and their influence on motivations to reshore*
We were able to fulfil the purpose of the thesis by finding answers to our two research questions. Firstly, we wanted to find out what firm-related factors have contingent effects on the motivations to reshore. By critically assessing previously conducted empirical studies on reshoring motivations, we managed to derive nine firm-related factors which have contingent effects on motivations to reshore. After within-case and cross-case analyses of the four case companies, evidence for contingent effects of nine firm-related factors was found. As a result of creating causal relationship maps for each case, it became clear that contingent factors and reshoring motivations are interrelated, with each case’s respective context being unique. While the motivations found in the literature can also act as contingent factors, the distinction between motivations and firm-related contingent factors always depends on the respective case situation and cannot always be generalized. Further, it seems sensible to include in this context the offshoring experience of the firm, since reshoring motivations and contingent factors develop and influence each other over the entire off- and reshoring period.

The second research question concerns the matter of how the firm-related factors are influencing motivations to reshore. After having identified the nine contingent factors in our cases and analyzing cross-case patterns, we developed 13 propositions, which suggest how the factors are influencing the motivations to reshore (see Table 8). It has to be noted that some of the propositions are formulated in a very specific way, proposing explicitly how the respective contingent factor is influencing a reshoring motivation, while others are rather general in nature.

To conclude, we derived firm-related contingent factors, established a distinction between these factors and reshoring motivations and by that enhanced the understanding of the reshoring phenomenon. By developing propositions of how firm-related contingent factors influence reshoring motivations, we set a foundation for future investigations. Finally, our results suggest that reshoring motivations shall not be studied in isolation and find the firms’ context to be vital. Thus, this research underlines the importance of taking a more holistic approach when studying reshoring.
6.1 Limitations

While working on this thesis and trying to establish causal effects of how firm-related factors influence various motivations to reshore (i.e., answering RQ 2), we realized that in some cases it was not possible to establish this relationship. The main reason for this comes from the purposive sampling strategy, which was expected to provide us with appropriate case companies that reshored their manufacturing back to Sweden. This strategy led us to work with four cases, which were homogenous in terms of the B2B nature of business and offshoring countries (i.e., no low-cost locations, mostly within the European Union) and heterogeneous in terms of the industries and sizes (from 70 to 1000 employees). Thus, such heterogeneity and homogeneity limited the extent to which we were able to explore the above-mentioned contingent factors. When it comes to industry, which was proven to have a contingent effect on firms’ motivations to reshore, it was not evident how exactly it affects specific motivations since all firms operate in different industries and no generalizations could be made. Meanwhile, the firms’ homogeneity in B2B limited us when it came to exploring product as a contingent factor. In the previous empirical studies, we found that price points, bulkiness of the product, demand characteristics, and complexity of the products seemed to play a role in the reshoring motivations, while in our cases, possibly due to the B2B business nature, such evidence was not found. Thus, the main limitation of this thesis is not being able to establish concrete propositions for some factors (e.g., industry) but rather general ones.

While collecting reshoring-related data based on the extensive list of 42 motivations to reshore, 19 of them did not appear in our cases and consequently no propositions were made in regard to them. This can be explained by the limited number of cases in our study. Unfortunately, our four cases were not rich enough to contain such diversity of experiences, that would allow all 42 motivations to emerge. In addition, there is a probability that some of the reshoring important factors and motivations did not appear in the cases, where we could not interview at least two individuals as we initially planned. Our choice of a managerial and decision-maker perspective limited the number of potential interviewees in each company.
Another limitation of this study is that logic models (i.e., causal relationship maps) for each case were built based on the assessment of the authors of this thesis. From the beginning, we were clear about the fact that there is only a thin line between contingent factors and motivations and thus different researchers have different perspectives to observe the reshoring phenomenon. This became evident when we observed discrepancies in what we classified as motivations and contingent factors and how previous scholars did it. Since the academic area of reshoring is very limited itself in theoretical basis and only one framework to analyze the motivations to reshore exists, we had to rely on it and our interpretation of collected data.

6.2 Future Research

While reviewing the fragmented literature on reshoring, we decided to fill the gap between reshoring motivations and firm-related factors instead of opening new research streams. Considering that it was the first attempt to study firm-related factors and their influence on reshoring motivations, our purpose already incorporates a recommendation for the future research. In other words, in this paper, firm-related contingent factors have been revealed and propositions have been developed. Thus, the logical second stage is to test quantitatively the developed theoretical propositions.

In order to add more value to the exploration of the studied topic, we recommend to address the limitations of this paper related to the general propositions developed for such contingent factors as industry. To establish specific links related to the effects of industry on firm’s motivations to reshore and draw generalizable conclusions, a similar study can be conducted with cases in the same industry. Later, this would make it possible to conduct a comparative research on the effect of different industries. Also, we suggest to explore further the differences between B2B and B2C reshoring cases, as this characteristics seems to influence the relationship between the motivations and contingent factors. It is also relevant to conduct a similar study with a bigger number of diverse cases, where more motivations to reshore can be identified and linked to the firm-related contingent factors.
By looking at the identified firm-related contingent factors, respective propositions, and discovered limitations, we can conclude that each identified factor deserves a separate attention and has specific requirements for an in-depth exploration. Thus, we suggest to perform individual studies, in which purposive sampling would allow to focus on a particular factor and diversify it further. It might also be interesting to expand the research to different countries and explore if the results hold true in a different context. Such a study will also allow an in-depth investigation of home and host country characteristics. We strongly believe that this topic, while being at its infancy stage, deserves to be studied further. In our case study, we found another evidence of reshoring being a part of firm’s international growth path. Although at the current state of research it is too early to make this claim, a longitudinal study containing this assumption will make it possible. With everything stated above, we are calling scholars to dive into the topic of reshoring and continue its exploration through the lenses of new theories.
References


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## Appendix 1
Comparison of reshoring motivations between the reviews of Di Mauro et al. (2017) and Benstead et al. (2017)

<table>
<thead>
<tr>
<th>No</th>
<th>Authors</th>
<th>Motivations to reshore</th>
<th>Comparison</th>
<th>Authors</th>
<th>Motivations to reshore</th>
<th>Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Di Mauro et al., 2017</td>
<td>Motivations/contingent factors</td>
<td>Benstead et al., 2017</td>
<td>Motivations/contingent factors</td>
<td>Benstead et al., 2017</td>
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<td>1</td>
<td>Environmental and social sustainability</td>
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<td>Environmental issues reduction; Social issues reduction</td>
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<td>Labor costs’ gap reduction</td>
<td>motivation</td>
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<td>2</td>
<td>Production and delivery time impact</td>
<td>motivation</td>
<td>Working capital/pipeline cost reduction</td>
<td>23</td>
<td>Lack of infrastructure in the host country</td>
<td>motivation</td>
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<tr>
<td>3</td>
<td>Loss of innovation potential/vicinity R&amp;D and manufacturing</td>
<td>motivation</td>
<td>Know-how retention</td>
<td>24</td>
<td>Payment terms</td>
<td>motivation</td>
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<tr>
<td>4</td>
<td>Need to increase customer satisfaction</td>
<td>motivation</td>
<td>Responsiveness</td>
<td>25</td>
<td>Psychic distance</td>
<td>motivation</td>
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<tr>
<td>5</td>
<td>Purchase order rigidity</td>
<td>X</td>
<td></td>
<td>26</td>
<td>Change in firm’s business strategy</td>
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</tr>
<tr>
<td>6</td>
<td>Reduced operational flexibility</td>
<td>motivation</td>
<td>Flexibility improvement</td>
<td>27</td>
<td>Correction of earlier managerial mistakes</td>
<td>contingent</td>
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<tr>
<td>7</td>
<td>Reduced responsiveness to customer demand/customer proximity</td>
<td>motivation</td>
<td>Responsiveness</td>
<td>28</td>
<td>Emotional elements</td>
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<td>8</td>
<td>Coordination costs</td>
<td>motivation</td>
<td>Coordination and monitoring cost reduction; Offshore legislation minimization</td>
<td>29</td>
<td>Firm's global reorganization</td>
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<tr>
<td>9</td>
<td>Excessive paperwork/administrative costs</td>
<td>motivation</td>
<td>Coordination and monitoring cost reduction</td>
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<td>Product/process/organizational innovation</td>
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<td>High inventory levels</td>
<td>motivation</td>
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<td>31</td>
<td>Redefinition of the global supply chain (Inc. vertical integration)</td>
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<td>11</td>
<td>Penalties for late orders</td>
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<td></td>
<td>32</td>
<td>Termination of earlier supply relationships</td>
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<tr>
<td>12</td>
<td>Customers’ gratitude and willingness to buy</td>
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<td></td>
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<td>Global supply chain risks</td>
<td>motivation</td>
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<tr>
<td>13</td>
<td>Lack of skilled workers in the host country</td>
<td>motivation</td>
<td>Skilled human resource availability</td>
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<td>motivation</td>
<td>Know-how retention; Intellectual property protection</td>
<td>35</td>
<td>National subsidies for relocation</td>
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<td>15</td>
<td>Made-in-effect</td>
<td>motivation</td>
<td>‘Made in effect’ advantages</td>
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<td>Demand changes and volatility in home/host market</td>
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<td>16</td>
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<td>Cultural distance improvement; Quality improvements</td>
<td>37</td>
<td>Raw material availability</td>
<td>motivation</td>
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<tr>
<td>17</td>
<td>Technology clusters and spillover benefits</td>
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<td></td>
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<td>Freight costs</td>
<td>motivation</td>
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<td>18</td>
<td>Customs duties for re-import</td>
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<td>Duty cost reduction</td>
<td>39</td>
<td>Logistics costs</td>
<td>motivation</td>
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<td>Energy costs and shortage</td>
<td>motivation</td>
<td>Energy price reduction</td>
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<td>Total cost of ownership</td>
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<td>Exchange rate risk</td>
<td>motivation</td>
<td>Currency exchange rate and variability reduction; Global economic conditions</td>
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<td>Unions' pressure at the home country</td>
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<tr>
<td>21</td>
<td>Increased home country productivity</td>
<td>motivation</td>
<td>Labor productivity improvements; Automated machinery</td>
<td>42</td>
<td>Untapped production capacity at home/Capacity bottleneck in the host country</td>
<td>motivation</td>
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Appendix 2
Systematic literature review for contextual factors

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Appendix 3
Interview Guide

Overall/current state

1. Could you please describe what the company does and your role?
   a. Size of the firm (number of employees, Sales/Revenue, Production output (outsourced, insourced, offshored, reshored))
   b. Current manufacturing location(s)
   c. Ownership (private/public), governance structure
   d. Strategy (general and marketing: e.g. positioning)

2. Could you please describe what product(s) the company manufactures?
   a. Portfolio, price range, bulkiness
   b. Matching the products with current manufacturing locations (outsourced, offshored)
   c. How does the production of these products look like (briefly, e.g., complexity)?

3. How would you characterize the industry where the firm operates?
   a. Regulations/trade barriers
   b. Ongoing positive and negative trends
   c. Competitiveness (local and global; competition)
   d. Supply chain structure (relationships with suppliers)
   e. Demand characteristics (seasonal, fluctuations, etc.)
   f. Customers (most important attributes of the product (e.g. brand, quality, country of production; negotiating power; location))

Offshoring-related

4. Could you please tell us about the offshoring decision (date, process of decision-making (who), the product(s), chosen governance mode) and experience (including duration)?
   a. Host country selection (specific location within host country)
   b. Host country resource availability: skilled labor, suppliers
c. Relationships with suppliers (selection, behavior, control, termination)
d. Relationships with suppliers at home (maintained or not)
e. Observed differences between home and host countries (cultural context)
f. Influence (strategy, customers, competitiveness, supply chain)
g. Economic situation (crisis, exchange rate, fluctuations)
h. Evaluation of offshoring experience

**Reshoring-related**

1. Could you please tell us what led to the reshoring decision? (dates)
   a. Process of decision-making (who), the product(s), chosen governance mode
   b. Your role in the decision and implementation
   c. Why did you reshore to home country not other location offshore

2. Do you think that (firm-specific factors) had an influence on your motivation to reshore?
   a. Product specifications
   b. Industry
   c. Suppliers
   d. Competitors
   e. Host country (change to opposite distance/similar proximity)
   f. Size (smaller/bigger)
   g. Ownership (only in case if different individuals made reshoring decision)
   h. Time (crisis)

3. Could you please assess the decision and experience retrospectively?
   a. What changes would you have made?
   b. Recommendations (policy)
   c. Conclusions
Appendix 4
Identified motivational factors in within-case analysis: an Interpretative Framework by Fratocchi et al. (2016)
## Appendix 5

Identified motivations and contingent factors

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Only contingent effect
Motivations to reshore
Motivational and contingent effect