


Chapter 9

Proposing an Integrative Model for Reshoring Antecedents

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ABSTRACT

The economic reasons that dictated offshoring for countries such as China are vanishing. Customers are increasingly demanding and more informed about the origin and methods of production of the products they buy, and governments are realizing the impact of manufacturing. This new reality is encouraging many companies to relocate their activities and, in some stances, returning manufacturing processes back to their home countries. This rather recent process, known as reshoring poses challenges of all kind with managerial implications in logistics, marketing, strategy, finances, commercial strategy, innovation, and human resources management. Reshoring antecedents are fundamental concepts for the understanding of the sources that may conduct those activities back home. This chapter takes one step in this direction and proposes a comprehensive model of the antecedents of reshoring that can be applied to a specific industry or sector. In particular, the authors examine the important role of economic, marketing, and social/political antecedents.

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INTRODUCTION

In the past years, understanding the strategic direction of manufacturing has become the focus of a large scale debate (Ellram, 2013). Taking advantage of the goods manufacturing wave, Obama's administration developed a series of interesting initiatives with the goal to attract American companies to manufacture again their products/brands on the home soil (Gray, Skowronski, Esenduran, & Rungtusanatham, 2013; Regalado, 2013; Plumer, 2013). The same pattern is seen in Europe in which several countries have assumed the capital interest of attracting European companies to manufacture back home by providing the necessary financial and infrastructural support (Foresight, 2013; Veugelers, 2013).

Currently, the reshoring phenomenon received plenty attention from the popular press especially in the U.S. (United States of America) (Ellram, Tate, & Petersen, 2013). However, despite the growing practice of reshoring, only recently has the concept captured the attention of the academic community (Ellram et al., 2013; Fratocchi, Mauro, Barbieri, Nassimbeni, & Zanoni, 2014), especially after the phenomenon brought to the attention of the academic community by Kinkel, Lay, & Maloca (2007). The diversity of interest in this topic has spawned a profusion of overlapping concepts, such as onshoring, backshoring, in shoring, reverse shoring, and nearshoring that limits our understanding of this phenomena (Fratocchi et al., 2013). Nevertheless, there is a generalized consensus among researchers that reshoring describes a manufacturing location decision based on moving, entirely or partially, the previously offshoring production processes back to their home original country (Ellram, 2013; Gray et al., 2013). Foerstl, Kirchoff, & Bals (2016) define the phenomenon as the relocation of value creation tasks from offshore to geographically closer locations and although this broad definition is correct, it simultaneously includes two closer though different dimensions: reshoring and nearshoring. In a simple way it is possible to define reshoring as the return from a previous offshoring decision (Fratocchi et al., 2013), bringing manufacturing activities or services from broader countries back to the original country (Initiative, 2015). Reshoring is basically the opposite, i.e., production movement of an offshoring decision (Arlbjørn, Mikkelsen, Schlichter, & Thoms, 2013; Ellram, 2013; Gray et al., 2013).

Despite the fact that reshoring is more advanced in the U.S. where several companies are already admitting to reshore their manufacturing operations (Gray et al., 2013; Sirkin, Zinser, & Hohner, 2011), some manufacturing sectors in Europe are also reshoring (Foresight, 2013; Fratocchi & Silva, 2018; Fratocchi et al., 2014; Fratocchi et al., 2015; Kinkel & Montalvo, 2014), a trend which is expected to keep growing with the development of technological capacities, efficiency, productivity, robotics and nanotechnology (Veugelers, 2013) and the increasing direct or indirect consumers' pressure, for faster, higher quality and safe products while creating jobs for the local society in a sustainable way (Naitove, 2013; Plumer, 2013; Tseng, 2011). Also, there seems to exist some political pressures to move production processes in that direction (Regalado, 2013).

Notwithstanding its growing importance in Europe, however, in our view there is a dearth of research about this topic, including the evaluation in different sectors most affected and the evolution of this phenomenon over time. Previous studies have established a connection between a number of scopes that may impact on reshoring (Foresight, 2013; Sirkin et al., 2011).

This study aims to deepen knowledge in this area and to identify Reshoring motivations. To the best of our knowledge, research about the reshoring phenomenon is scarce and fragmented. This paper aims at reviewing the literature about reshoring and proposes an integrative Model of the variety of antecedents of reshoring. Specifically, this study aims at analyzing the following research questions: 1) How and which economic factors exercise a major influence in reshoring; 2) How and which market-

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