



## **Research Exposé:**

# **The decision-making process behind Reshoring: from the drivers to the implementation.**

## **A comparative case study**

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## Abstract

**Title:** The decision-making process behind Reshoring: from the drivers to the implementation. A comparative case study.

**Context:** Over the past decades, offshoring strategies played the major role in shaping international business dynamics and led to the emergence of global value chains. However, in recent years companies are increasingly considering the idea of relocating their value chain activities back within the domestic boundaries. The rapid growth of the Reshoring phenomenon signals the relative attractiveness of home countries with respect to offshore destinations, which might be attributable to diverse driving forces and market trends. Reshoring has the potential to revolutionise the configuration of global value chains and alter both national and international business equilibria; now more than ever, research in this field is needed.

**Purpose:** The purpose of this research is to explore the decision-making process undergone by companies when implementing reshoring strategies. In particular, the study investigates the nature of drivers that trigger the decision, the influence of external variables, and the relationship between those and the final outcome in terms of value chain reconfiguration.

**Methodology:** A qualitative study by means of in-depth 1:1 semi-structured interviews will be employed on a sample of Italian manufacturing companies to address the explorative nature of the research topic.

**Contributions:** The research provides meaningful contributions to scholars as well as practitioners concerning reshoring dynamics. On the one hand, it solves the uncertainty related to the phenomenon by providing clarity about the driving forces and implementation modalities, enhancing theory-building by scholars and empowering societies to embrace a reshoring perspective. On the other hand, it provides business managers with practical guidelines for the implementation of accurate and informed reshoring decisions.

**Keywords:** Reshoring; Global Value Chain; Eclectic paradigm; Transaction cost economics; Resource based view; Organisational buying behaviour; Bounded rationality; Slowbalisation; Industry 4.0; Sustainability.

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## **List of Abbreviations**

RBV	Resource Based View
TCE	Transaction Cost Economics
OBB	Organisational Buying Behaviour
GVC	Global Value Chains

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# 1. Introduction

Over the past decades, the strong need to reduce costs and enhance competitiveness drove many companies to undertake offshoring decisions, relocating their business activities from home countries to foreign locations offering more advantageous conditions (Bals et al., 2016). However, although the phenomenon of offshoring continues to play a major role in modern economies, a reverse trend is emerging. Accordingly, companies are increasingly considering a partial or total relocation of their value chains within the domestic boundaries or towards nearshore countries, phenomenon referred to as Reshoring (Ancarani et al., 2019).

From a business perspective, a rising number of firms are exploring the scope for reversing offshoring decisions and starting to transfer their activities back to domestic locations (Delis et al., 2017). According to the European Reshoring Monitor (2021), in 2018 the successful reshoring cases in Europe were 250; the three major reshoring destinations were United Kingdom (44 cases), Italy (40 cases) and France (36 cases). Overseas, the number of US companies implementing reshoring strategies in the same year reached the highest level in recorded history with 1,389 cases and 145,000 newly generated workplaces (Moser, 2019).

From an academic perspective, offshoring has been studied for more than three decades, being widely explored by means of the dominant paradigms and theories of International Business (Delis et al., 2019). As a consequence, offshoring represents the foundation of the greatest share of existing literature concerning value chain configuration and location decisions. However, recent economic and political events brought to light the increasing relevance of the repatriation of business processes for the pursuit of economic and social objectives (McIvor & Bals, 2021). Therefore, an increasing number of studies are exploring the phenomenon of reshoring with particular emphasis on the reconfiguration of globally dispersed value chains and the governance strategies involved in the process (Fratocchi et al., 2016). Beside the outcome of reshoring decisions, scholars are currently employing the main economic and behavioural theories to investigate the decisional processes behind those outcomes in order to frame tangible reshoring drivers, causal links, as well as biases (Foerstl et al., 2016). However, the multidimensionality of the phenomenon and the narrow empirical base available to researchers hinder the development of univocal interpretative frameworks to explain reshoring decisions and estimate their future path (Delis et al., 2019).

Despite the growing academic research in the field of reshoring and its prominent influence on the media, a detailed understanding of the key drivers and how they interact to influence reshoring decisions of multinationals is still missing (Bals et al., 2016; Barbieri et al., 2018; Delis et al., 2019). More specifically, scholars call future research to focus simultaneously on rational and emotional drivers to investigate how they shape managerial valuations and intrinsic feelings towards reshoring (Foerstl et al., 2016). According to Delis (2019), the limited amount of data available on the market and the scarcity of cross-country comparisons at firm level do not allow practitioners to accurately estimate the scale of reshoring activity and make assumptions inconsistent. Accordingly, the hypothesis of a positive correlation between digitalization and reshoring is still unfunded (Butollo et al., 2020), as well as the foundational relationship that links reshoring with sustainability and the regionalization of consumption, respectively (Orzes & Sarkis, 2019); since these phenomena are increasingly embedded in the business scenario, assessing how they actually affect business decisions is a priority for both scholars and practitioners. Finally, the most significant gap guiding the research concerns the practical reconfiguration of value chains in terms of governance and coordination strategies (Bals et al., 2016; Cagliano et al., 2008) and its correlation with the drivers triggering the reshoring decision (Foerstl et al., 2016).

By covering the above-mentioned gaps, the present research aims at purposefully integrate the state of knowledge through a number of micro- and macro-level contributions. At micro-level, the research is intended to provide companies and business managers with novel insights into how to practically implement reshoring strategies; accordingly, a deeper understanding of the drivers that lead companies to repatriate their offshore operations allows managers to address the “location decision dilemma” more effectively and employ reshoring as strategy to achieve competitive advantages (Foerstl et al., 2016; Fratocchi et al., 2016; McIvor & Bals, 2021). According to the literature, reshoring is highly responsive to economic and social trends; for this reason, the macro-level contribution of the research consists in providing a conceptual framework for reshoring decisions to assist policymakers and society to shift to a reshoring perspective by developing an adequate normative and prescriptive foundation.

Through the employment of Transaction cost economics and Resource based view as the main foundation and Organizational buying behaviour and Bounded rationality as alternative theories, the aim of the present research is to develop an interpretative framework to analyse and understand reshoring decisions. In particular, the research seeks to answer the following question:

**RQ:** *How do firms decide on reshoring and how do they implement it?*

In the process of answering the main research question, the following sub questions will be assessed:

**RQ1:** *What are the drivers of reshoring and how do they relate to each other?*

**RQ2:** *What is the influence of external variables on the decision-making?*

**RQ3:** *How do firms decide on value chain reconfiguration strategies and why?*

Beside the above-mentioned theories, the concepts of slowbalisation, industry 4.0, and sustainability will be employed as contextual variables in the identification of the forces driving reshoring decisions.

In order to fulfil the above-mentioned research aim, the paper is structured as follows. The second chapter contains the theoretical framework of the research, particularly focusing on the concepts of reshoring, global value chain, and the founding theories at the base of the model. The theoretical framework is completed by a tabular literature review reported in the third chapter. Successively, the following sections outline the research model and the propositions that will be assessed by the study, the research methodology and the expected contributions, respectively. Finally, the last chapter will discuss the results and compare them with previous studies, clarifying the limitations of the research scope and suggesting further investigation.

## 2. Theoretical Framing

The second chapter of the paper primarily focuses on the concepts of reshoring and global value chain, which represent the major domain of the study and require an accurate examination. Subsequently, the theories of Eclectic paradigm, Transaction cost economics, Resource-based view, Organizational buying behaviour, and Bounded rationality are introduced as possible frameworks to analyse and justify the dynamics of reshoring and location decisions. In particular, the following chapter will present two alternative theoretical models based on the combinations of the above-mentioned theories. Finally, the concepts of Slowbalisation, Industry 4.0, and Sustainability are presented as potential factors driving reshoring decisions.

### 2.1 The Value Chain

According to the model developed by Michael Porter, the value chain is a set of interconnected activities that companies perform to design, produce, market, distribute, and sustain products and services (Porter, 1998). It is composed of two sets of primary and support activities that enable an integrated organization to create additional value and achieve a competitive advantage, as represented in Figure 1. Primary activities represent the core business functions and relate directly to the physical creation, sale, distribution, support, and maintenance of products and services. They include Inbound Logistics, Operations, Outbound Logistics, Marketing and Sales, and Customer Service. Support activities, instead, represent the architecture of the firm and include Infrastructure, Human Resource Management, Technology Development, and Procurement.

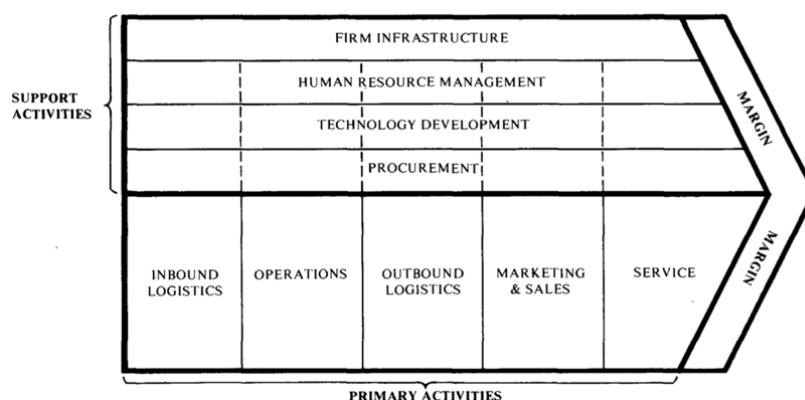


Figure 1: The generic value chain (Porter, 1998, p. 37)

### 2.1.1 Value chain configuration: geographic scope and governance

The accurate analysis of the value chain allows companies to evaluate their cost structure and identify the activities through which they can generate value, improving the profitability of the business and developing sustainable competitive advantages (Daniels et al., 2017). In particular, globally operating companies have to face the decision on how to optimally distribute and govern the value activities among countries to minimize costs and enhance the overall efficiency. This task is referred to as value chain configuration (Kano, 2017).

The first step in the configuration of the value chain is the choice of the geographic scope. Conventionally, geographic scope ranges from concentrated to dispersed, meaning that value-chain activities are either performed in the same location or allocated among different countries (Kano, 2017). Companies might opt for a concentrated scope if a particular market provides the highest-productivity and lowest-cost environment for all the business functions; conversely, a dispersed value-chain is preferred when specific activities have lower operating costs in other markets than the home country. Accordingly, differing environmental, political, legal, and market features signify different costs among countries and create multiple opportunities for international companies to exploit location advantages (Hernández & Pedersen, 2017).

Subsequently, companies must decide which governance strategy to adopt to coordinate the different value chain activities. Governance refers to “authority and power relationships that determine how financial, material, and human resources are allocated and flow within a [value] chain” (Gereffi & Korzeniewicz, 1994, p. 97). As shown in Figure 2, scholars identified five major governance style that are commonly adopted by companies when operating abroad: market-, modular-, relational-, captive-, and hierarchy governance strategies.

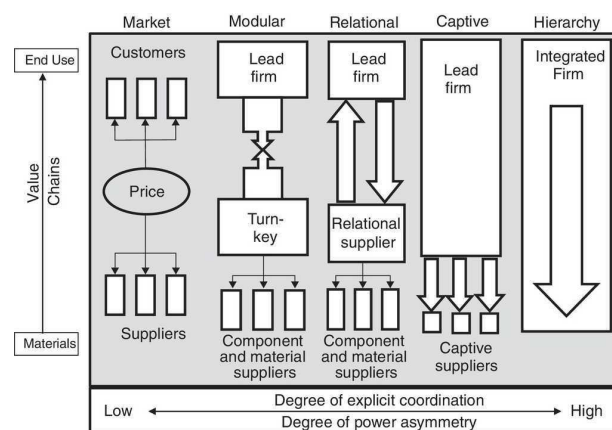


Figure 2: Global value chain governance modes (Gereffi et al., 2005)

Market governance entails relatively low interaction and cooperation between buyers and suppliers along the value chain; the transactions are significantly simple and both parties benefit from the low cost of switching partners. The process by which the agreement is reached is through the use of the price mechanism (Gereffi et al., 2005). However, the trend in modern economies is for enterprises along the global value chain to become increasingly integrated, forming a network of autonomous entities directed by a leader firm, sharing trust and power to overcome volatile global scenarios (Buckley, 2016). Therefore, market governance is progressively shifting towards hierarchical governance, which entails vertical integration and administrative control within the main firm. Although this governance strategy is not commonly found in international business, it is prevalently adopted when the degree of production complexity is high and qualified suppliers are difficult to locate (Gereffi et al., 2005).

Between the two extremes, different combinations of market and hierarchy can be found. Modular governance entails external suppliers manufacturing products following the lead firm's specifications; suppliers benefit from a high flow of information, while the lead firm can focus on the “creation, penetration, and defence of markets for end products” (Hernández & Pedersen, 2017, p. 140). Suppliers in a modular configuration are highly competent, providing full-service offerings and taking direct responsibility for the involved functions (Wad, 2008). Relational governance, on the other hand, is more likely when information is complicated and difficult to convey, and when higher degree of contact and knowledge exchange based on mutual trust and social ties is required (Altenburg, 2006). Additionally, it enables leading enterprises and suppliers to quickly adjust to changing situations through the use of shared norms and reciprocity standards for settling potential conflicts (Sturgeon, 2002).

Finally, captive governance implies a larger reliance on suppliers, who operate under the main businesses' terms and are subject to extensive monitoring and control (Gereffi et al., 2005). This suggests that suppliers do not have the possibility to leverage their position to negotiate higher selling prices but have easily access to assistance and support from lead the enterprise (Altenburg, 2006).

### *2.1.2 Global value chains*

Advances in information and communication technology, improvements in transportation means and automation of processes have considerably lowered the costs of coordinating activities over long distances, leading to the emergence of global value chains (GVCs) (Hernández & Pedersen, 2017). Accordingly, global value chains are defined as “the

full range of activities that firms and workers perform to bring a product from its conception to end use and beyond'', that are carried out on a global scale and that can be undertaken by one or more firms (Gereffi & Fernandez-Stark, 2011, p. 4).

Kano (2018, p. 686) describes it as "the world economy's backbone and central nervous system" who has shifted global trade away from the traditional exchange of goods and services towards the exchange of knowledge (Jacobides & Hitt, 2005). Accordingly, the configuration of global value chains entails managing several languages, cultures, regulations, and market differences and requires high levels of monitoring and control to ensure its smooth functioning (Hernández & Pedersen, 2017). Moreover, the need of coordination arises from the necessity to simultaneously combine different governance strategies adopted by different companies along the value chain (Kano, 2018).

## 2.2 Reshoring

As already mentioned in the previous chapter, reshoring refers to the voluntary (i.e. not forced by host country governments) partial or total relocation of value chain activities that had been previously offshored back to the home country or to a nearshore location (Albertoni et al., 2017). According to the definition, the concept of reshoring can be further differentiated into backshoring and nearshoring; backshoring refers to the relocation of business activities to the home country of the firm's headquarters, while nearshoring denotes repatriating value chain activities from the foreign host country to a location closer to the home country, but not within the domestic borders (Fratocchi et al. 2014).

Following the conceptualisation of reshoring as a location decision, Gray et al. (2013) distinguish between four different modalities, as illustrated in Figure 3. The first one is *in-house reshoring*, which consists in the relocation of manufacturing activities performed by wholly-owned offshore facilities to wholly-owned onshore facilities; the second one is called *reshoring for outsourcing* and involves the relocation of manufacturing activities performed by wholly-owned offshore facilities back to local suppliers; finally, the third and fourth modalities are called *reshoring for insourcing* and *outsourced reshoring* and consist in relocating manufacturing activities performed by offshore suppliers back to wholly-owned onshore facilities and local suppliers, respectively. The key definitions of the specific terms and combinations of reshoring, insourcing and outsourcing are summarized in Table 1.

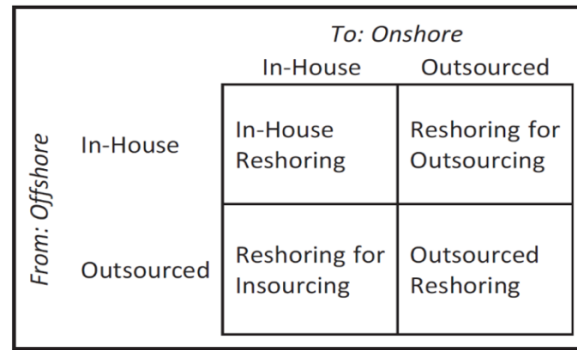


Figure 3: Reshoring Options (Gray et al., 2013)

Term	Definition
Offshoring	Offshoring refers to the relocation of value chain activities outside of the company's home country based on the location of its headquarters, or more generally "international relocation of disaggregated firm value chain activities in captive, collaborative or outsourced governance modes" (Bals et al. 2013, p. 3).
Outsourcing	Outsourcing refers to work that "is performed by independent parties who are not part of the firm's employee base" (Ellram et al. 2008; p. 149).
Reshoring	Reshoring is defined as the relocation of value chain activities from offshore locations to geographically closer locations such as domestic or nearshore countries (e.g. Fratocchi et al. 2014; Gray et al. 2013). <i>Backshoring</i> is the decision to partially or fully relocate value chain activities to the home country of the firm's headquarters (Fratocchi et al. 2014; Kinkel and Maloca 2009). <i>Nearshoring</i> , on the other hand, denotes repatriating manufacturing capacities from the foreign host country to a location closer to the home country, but not within the borders of the firm's home country (e.g. for a U.S. firm, from China to Mexico) (Fratocchi et al. 2014; Ellram et al. 2013).
Insourcing	Insourcing is defined as "the decision to reincorporate an outsourced activity within a company that had formerly been transferred to an external supplier" (Cabral et al. 2013, p. 2).

Table 1: Basic definitions (Bals et al., 2016)

### 2.3 Eclectic paradigm, Transaction cost economics and Resource based view

The principles of Eclectic paradigm, Transaction cost economics and Resource based view were originally employed within the scope of the internationalisation theory to explain the motives behind companies' offshoring decisions (Fratocchi et al., 2014). However, modern literature has started to extend their application to the analysis of the domestic reconfiguration of global value chains (Fratocchi et al., 2014); in particular, the study of McIvor & Bals (2021,

p. 3) employs these paradigms as a “theoretical basis for integrating location-specific factors with process- and firm-specific factors to develop a framework for explaining the reshoring decision”.

The eclectic paradigm, as originally conceived by Dunning in 1976, argues that international production patterns are driven by the synergetic action of three categories of advantages experienced by companies: ownership, location and internalisation (Dunning, 1988). Firm-specific ownership advantages derive from “the exclusive privileged possession of or access to particular income generating assets” (Dunning, 1988, p. 2) which can be transferred across national boundaries and exploited to reach superior competitive positions. Location-specific advantages stem from resources, networks, factor endowments and institutional structures that are unique to a specific geographic district and are not attainable elsewhere (Dunning, 1988). Lastly, a firm achieves internalization advantages when it “eliminates the transaction costs associated with market interaction” by internalizing some activities within its own organisation (McIvor & Bals, 2021, p. 4).

Besides the eclectic paradigm, the impact of process- and firm-level variables on reconfiguration strategies can be explained by means of the Resource based view (RVB) and Transaction cost economics (TCE) theories. RBV describes a company as a bundle of “assets, capabilities, organizational processes, firm attributes, information, [and] knowledge” that can be employed in distinctive ways to improve the overall business efficiency and effectiveness and result in sustainable competitive advantages over rivals (Barney, 1991, p. 101). According to the RBV, the superior performance achieved in organizational processes with respect to competitors would justify the choice of companies to engage in the reshoring of high strategical value processes (McIvor, 2008).

TCE concerns the governance structure and clarifies the conditions under which an organization should internally engage in an economic process within its hierarchy (“make”) or entrust the process to external markets (“buy”) (McIvor, 2013). The focus of TCE is on transaction costs, which are defined as “the costs of monitoring, controlling, and managing the contract with the supplier” (McIvor & Bals, 2021, p. 4); these costs are mainly attributable to the high specificity of the underlying investments, the difficulty to accurately measure performance, the limited number of suppliers available on the market and the high level of uncertainty (Williamson, 1985).

The logic of Eclectic paradigm, RBV and TCE has been combined into a triple stage prescriptive framework for the development of reshoring decisions, as illustrated in Figure 4. It is noteworthy to highlight that the following framework is designed upon the perfect

rationality assumption and ignores the influence of human and behavioural drivers in the decision-making process.

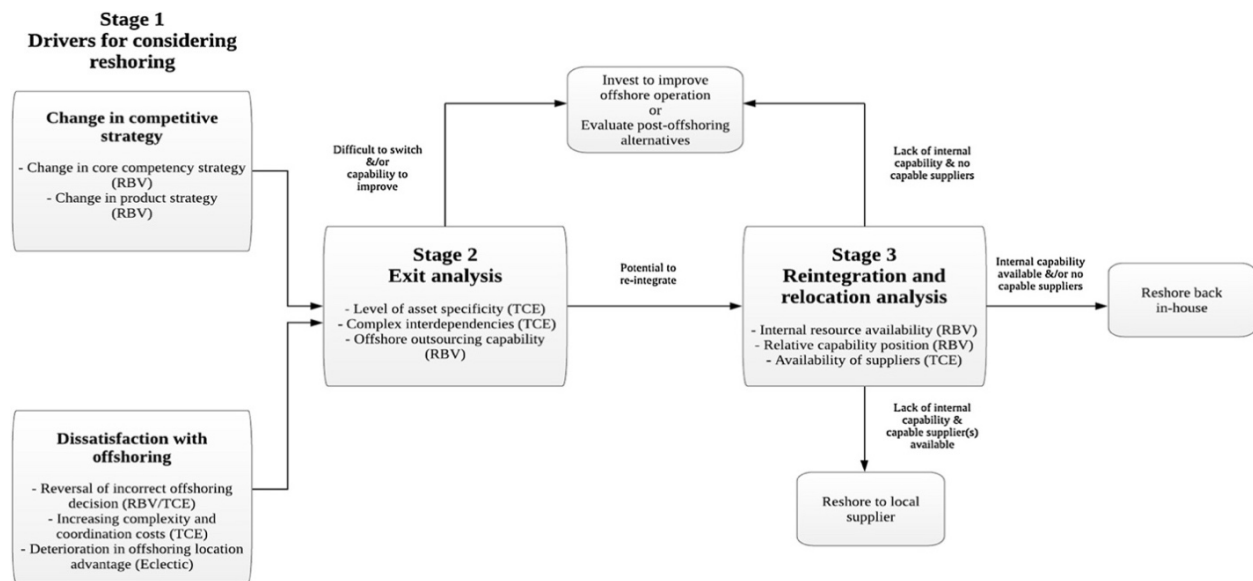


Figure 4: A framework for the reshoring decision (McIvor & Bals, 2021)

### 2.3.1 Stage 1: Drivers of reshoring

Based on this framework, the reconfiguration of the firm's value chain is dictated by two major drivers, namely a change in the competitive strategy and the dissatisfaction with previously implemented offshoring. With reference to the former, the company might opt for a shift in the core strategy, which implies the reintegration of a key process in-house, or a shift in the product strategy, which is mainly attributable to the better reputational impact of having high-end locally manufactured products (Bals et al., 2016; Fratocchi et al., 2016; Gerbl et al., 2015; McIvor & Bals, 2021). In the context of reshoring, the RBV can be used to clarify this logic; accordingly, the aim of companies is to achieve competitive advantages by reaching “superior performance positions in processes that are [highly] valued by customers” (McIvor & Bals, 2021, p. 5). Indeed, processes that are critical to the firm's strategy are more likely to be retained inside, while those having lower strategic value are more likely to be externalized because of their limited impact on the overall customer value perception.

With reference to the dissatisfaction with offshoring, the literature identifies a number of factors that contribute to its manifestation. Wrong managerial evaluations can lead to the incorrectness of the initial offshoring decision, which might be undergone without fully accounting for costs and performance implications for the company (Larsen, 2016) and ultimately lead to the wrong choice of location and supplier base (Fratocchi et al., 2016). Over

time, the coordination of the dispersed activities might become increasingly complex and costly for companies, who are often forced to increase the customization of their processes to offset the rising uncertainty of global markets (Tate et al., 2015). Finally, companies might experience a deterioration in the location specific advantages upon which the offshoring decision was initially made (Arlbjørn & Mikkelsen, 2014); rises in transportation costs and lead times, increasing labour costs and turnover, changes in government policy are some of the most cited motives for reversing offshoring decisions reported by the literature (Arlbjørn & Mikkelsen, 2014; Baraldi et al., 2018; Grappi et al., 2018). According to the TCE and Eclectic paradigm theories, the above-mentioned factors can lead to the non-optimality of the combination between internal and external factors and, thus, exponentially increase transaction costs, offsetting any cost benefit achieved with offshoring (McIvor & Bals, 2021).

### 2.3.2 Stage 2: Exit analysis

Before engaging in the reshoring decision, companies should conduct an exit analysis to evaluate the difficulties connected with relocating the process from its current location to the domestic country based on the level of assets specificity, the complexity of interdependencies, and the offshoring capabilities. According to McIvor & Bals (2021, p. 10), asset specificity refers to “the level of customization associated with an outsourcing agreement”; indeed, highly specific assets represent investments that have little or no meaning outside of the sourcing configuration and, therefore, create high switching costs for the company that prevent the possibility of reshoring (McIvor & Bals, 2021).

The term interdependencies defines the “connections between processes, business units, and tasks” that have a significant impact on the ease with which value chains can be geographically shifted (McIvor & Bals, 2021, p. 10). A high degree of complexity in this regard implies that the performance of one process is contingent on the execution of other processes, which can lead to several issues concerning performance and business continuity (Di Mauro et al., 2018).

Lastly, offshoring capabilities relate to a firm's expertise with offshoring strategies and the ability to effectively handle this kind of configuration. Firms with higher levels of expertise are more likely to succeed in establishing terms more precisely and facilitating collaboration with suppliers to solve any issues that might arise within the sourcing agreement (Bahli, 2005).

After taking into account the above-mentioned factors, companies have the following options, as illustrated in Fig. 4: *implementing reshoring*, meaning that a firm has positively evaluated the feasibility of repatriation of the business processes involved in the decision and

the related disruption is limited; *invest to improve the offshore operation*, when instead shifting the processes would imply significant switching costs and have a negative impact on the product quality. As a result, it may be more convenient to handle issues within the offshoring arrangement than changing its configuration (McIvor & Bals, 2021).

### 2.3.3 Stage 3: Reintegration and relocation analysis

Once a company has established that reshoring is the most advantageous course of action, it has to determine whether it is more suitable to bring the process back in-house (insourcing) or rely on local external suppliers (outsourcing) depending on the internal availability of resources, capabilities, and presence of suppliers.

According to resource-based literature, companies should concentrate scarce resources on processes that are valuable, rare, and difficult to replicate due to their high strategic significance (Barney, 1991). Therefore, in evaluating the feasibility of reshoring, a business should determine if it possesses the internal resources necessary to absorb the substantial costs of terminating offshoring and developing the core competences internally (Bals et al., 2016). These include physical assets, personnel, as well as the support functions human resources, finance, accounting, and procurement.

After having established the amount of internal resources available, a business should compare the projected in-house performance levels to those attained by potential local suppliers operating domestically (McIvor & Bals, 2021). For this purpose, three major performance metrics need to be taken into consideration: relative quality of the process (European Reshoring Monitor, 2021); relative flexibility in terms of lead times, responsiveness, and ability to deliver on time (Gray et al., 2017); relative innovation in terms of investment dynamicity (Fratocchi et al., 2016).

Finally, the reshoring decision is ultimately subject to the number of domestic suppliers capable of performing the underlying activity. The scarcity of local suppliers leads to a vulnerable position of the firm in the negotiation of the contract terms and predisposes opportunistic behaviours. Contrarily, the presence of a high number of local suppliers increases the economic feasibility and, thus, the attractiveness of reshoring (McIvor & Bals, 2021).

Once companies undertake reintegration and relocation analyses, Figure 4 summarizes the following scenarios:

- ◆ *Reshore back in-house*: this kind of sourcing entails the implementation of reshoring through in-house process development. In this case, the company

possesses the adequate capabilities and is able to develop a strong performance position. The involved process yields high strategic value (McIvor & Bals, 2021).

- ◆ *Reshore to local supplier*: this option involves reshoring through outsourcing to local suppliers. From the reintegration and relocation analyses it emerged that the company does not possess the capabilities needed to achieve the performance level of the domestic suppliers and might be subject to internal resource constraints (McIvor & Bals, 2021).
- ◆ *Invest to improve offshore operation*: in this scenario, local suppliers are scarce and the firm lacks internal capabilities and resources to develop the process. Therefore, it results to be more convenient to improve the offshoring arrangement and address issues within the offshoring agreement without changing the existing configuration (Barbieri et al., 2018; McIvor & Bals, 2021).

## **2.4 Organisational buying behaviour and Bounded rationality**

As already mentioned, the prescriptive framework stemming from the combination between Eclectic paradigm, RBV and TCE theories starts from the assumption of perfect rationality and ignores the influence of human and behavioural drivers in the reshoring decision-making process. However, the models employed by decision-makers are not always based on rational behaviour, but rather they are biased by the cognitive limitations of the human mind, which can considerably hinder the understanding of the situation and compromise the evaluation of alternatives (Kaufmann et al., 2017).

Organizational buying behaviour (OBB) is defined as a non-systematic and dynamic multi-level decision-making process influenced by a variety of factors (Kaufmann et al., 2017). Barclay and Bunn, (2006, p. 187) define buying behaviour as “the explicit actions carried out in the course of the decision process” and outline that it can be significantly affected by the environment, the organization, and the individual characteristics of the decision maker.

For the purpose of reshoring analysis, OBB is employed as a complementary perspective to TCE to provide additional insights for framing tangible reshoring drivers (Foerstl et al., 2016). Similarly to TCE, OBB employs the transaction as the basic unit of analysis and characterizes the process according to its frequency, novelty, importance and complexity (McQuiston, 1991; Wind & Robertson, 1982). Accordingly, transaction -related

costs and difficulties increase along with the increase in these parameters, changing both the design and the performance of business decisions (Johnston & Lewin, 1996).

The logic of OBB is captured by a three-stage integrative framework for the reshoring decision, as illustrated in Figure 5. It is important to highlight that the following model is strongly based on the TCE theory, but it is designed to integrate human and behavioural drivers in the decision-making process with the aim of analysing how rational and emotional dimensions interact with each other to shape the outcome in terms of governance strategy.

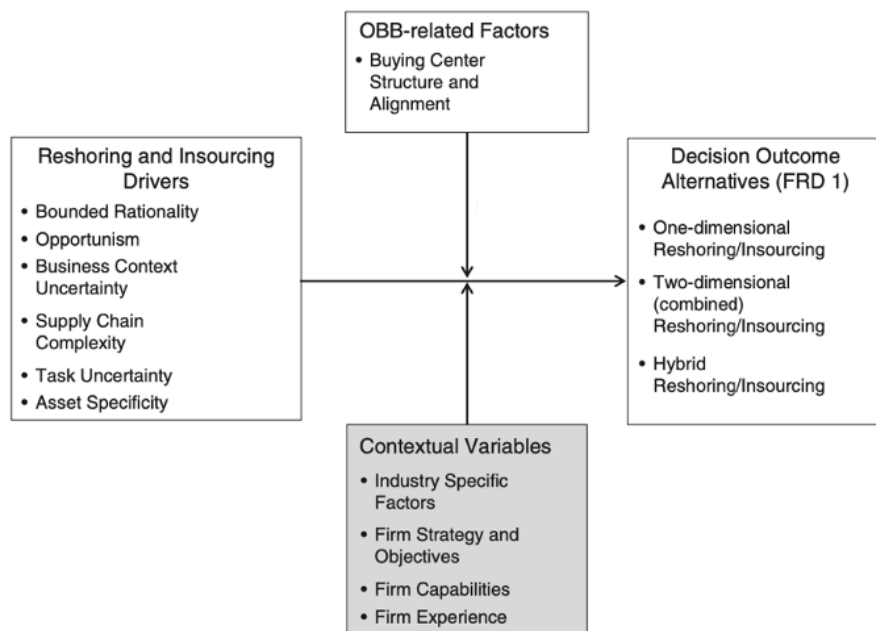


Figure 5: Reshoring drivers-outcome relationship (Foerstl et al., 2016)

#### 2.4.1 Reshoring and Insourcing drivers

Similarly to the first framework displayed in Fig. 4, the current model starts the analysis with the identification of the factors driving the reshoring decision. However, this model extends the scope of the previous analysis by integrating transactional with human and behavioural factors. As previously described, transactional factors fall within the rational dimension of the decision-making and are based on business measurable facts within the value chain of an organization (Foerstl et al., 2016); human and behavioural factors, instead, represent the subjective component of the decision and encompass human behaviours and cognitive biases that come into play during the decision-making (Foerstl et al., 2016). With reference to the latter, the principle of bounded rationality plays the major role.

Bounded rationality is a cognitive assumption concerning human behaviour stating that “decision makers are inherently limited in their choices because environmental complexities strain the bounds of knowledge” (Foerstl et al., 2016, p. 499), hampering the anticipation of the possible contingencies and the rationalisation of the expected outcomes (Cabral et al., 2013; Lewin et al., 2009; Pisano, 1990). The resulting inability to effectively predict results may lead to greater than anticipated expenses connected with offshoring decisions, driving managers to consider their reversal (Fratocchi et al., 2014; Fredriksson & Jonsson, 2009; Tate et al., 2009).

Additionally, bounded rationality further contributes to decision-making biases through the bandwagon effect (Barthélemy, 2003), which represents a shortcut employed by decision-makers when assessing the convenience of reconfiguration strategies. According to Foerstl et al. (2016), if a company successfully offshores its production, other companies will simply emulate the first mover based on the grounds that the benefits realized by the first company will be replicated in their own companies’ operations. The risk of incurring competitive disadvantages by missing profit opportunities increases the bandwagon effect and often leads companies to erroneously undergo offshoring processes without appropriate analyses and evaluations (Abrahamson & Rosenkopf, 1993).

The second behavioural driver identified by the framework is opportunism, which refers to the situation in which an actor's behaviour toward a transaction partner is motivated by self-interest (Williamson, 1992). Given that both parties in a transaction suspect the implementation of opportunistic behaviour by the counterpart, each of them will act to prevent it by seeking additional information, increasing in this way coordination and control costs (Aubert et al., 2004). Moreover, opportunism generally leads to the de-prioritization of the business relationship and diffused dissatisfaction, pushing companies to seek reshoring and insourcing alternatives in response (Handley & Benton, 2013).

Subsequently, the framework developed by Foerstl et al. (2016) outlines the following major transactional drivers: business context uncertainty, supply chain uncertainty, task uncertainty, and asset specificity. Although their configuration was different, these factors have already been explained within the scope of the previous framework. However, it is noteworthy to highlight the primary role of uncertainty in driving reshoring decisions; indeed, uncertainty related to both the surrounding environment, the value chain configuration, and the underlying process itself increases the volatility and unpredictability of results and exposes the business to “previously unforeseen cost increases” (Foerstl et al., 2016, p. 500).

#### *2.4.2 OBB-related factors and Contextual variables*

According to Foerstl et al. (2016), the managers involved in the decision-making concerning location strategies are likely to affect the outcome of the choice. The literature refers to these as buying centers, which are defined as “diverse cross-functional teams [...] that bundle the manifold expertise required to qualify and implement critical reshoring and insourcing decisions” (Foerst et al., 2016, p. 507). In other words, buying centers are decision-making units bringing together all the organizational members involved in a specific business process whose aim is creating customer value and maximizing organizational efficiency and effectiveness. However, the influence of buying centers on the reshoring driver-outcome varies according to the panel of countries of operation and functional background and expertise of their members. Accordingly, differences in the perception of drivers might affect the reshoring process leading to suboptimal decisions lacking procedural rationality (Stanczyk et al., 2015)

Similarly to transactional factors, contextual variables have already been mentioned in the previous paragraph. The basic idea in this regard is that industry dynamics, firm’s strategic orientation, capabilities and experience act as moderators in the reshoring decisional process and threaten the procedural rationality by affecting feasibility perceptions (Fratocchi et al., 2014).

#### *2.4.3 Decision outcome alternatives*

As shown in Fig. 5, the decision outcome alternative is the main object of future research endeavours. Indeed, the analysis of configuration strategies adopted by companies in the context of reshoring falls within the scope of the present research and will be investigated in the following chapters. However, the classification proposed by Foerstl et al. (2016) formulated in terms of one-dimensional, two-dimensional, and hybrid reshoring, will be substituted by the governance strategies described in paragraph 2.1.1.

### **2.5 Reshoring and Slowbalisation**

Globalisation has been a strategical trend for the past decades, leading to a high geographic fragmentation of business processes and the emergence of the above-mentioned global value chains (Kandil et al., 2020). The establishment of GVCs has been an essential component of the process of hyper-globalisation over the last four decades, leading to drastic changes in the size, structure, and velocity of trade and capital flows (Raza et al., 2021).

However, in recent years companies are increasingly witnessing a trend towards slower global integration and a more regionalized trajectory of production networks, phenomenon labelled by The Economist as “Slowbalisation” (Kandil et al., 2020, p. 277).

According to The Economist (2019), global trade dropped from 61% to 58% of Gross Domestic Product between 2008 and 2018; after 20 years of steady growth, intermediate imports and foreign direct investments experienced a 2% drop in the same period. As cross-border trade has stagnated, so have bank loans across countries, collapsing from 60% of GDP in 2006 to about 36% in 2018. On the other hand, the share of intra-regional trade in goods increased by 3.7 percentage points until 2018, signalling the trend of trade and production networks towards becoming more regionalized.

Scholars identified a number of forces driving slowbalisation; according to Table 2, one of the major drivers underlying the regionalisation of production is represented by the financial convenience brought by cost efficiency in terms of labour, transport, logistics, energy, coordination and administrative costs as well as subsidies, lower exchange rate risk and penalties (Kandil et al., 2020). Similarly, operational drivers related to production quality, lead times, inventory, disruption risk and value chain visibility play a fundamental role in enhancing slowbalisation. According to Bals et al. (2016), Delis et al. (2019), and Srai & Ané (2016), the phenomenon has also been driven by the “made-in” effect, which enhances product image by promoting local sensibility and signalling high-quality geography. This is particularly relevant in those industries such as high-end fashion where perceived quality is massively influenced by production location (Fratocchi et al., 2016). Finally, the increasing degree of locally responsive policies and regulations is driving many companies to reconsider their global configuration towards regional integration (Kandil et al., 2020).

References	Paper type	Financial	Operational	The “Made in” effect	Policies and regulation
L.Tate et al. (2014)	Survey	✓	✓	✓	✓
Bergman and Ramachandran (2010)	Company overview	✓			
Sirkin, Zinser, and Hohner (2011)	Consulting Group report	✓	✓		
Fishman (2012)	Press article	✓	✓		
Talamo and Sabatino (2018)	Data base analysis	✓	✓	✓	
Kinkel (2014)	Comment based on empirical evidence	✓	✓		✓
Behar and Venables (2010)	Discussion Paper	✓			
Arlbjorn and Mikkelsen (2014)	Note based on a large-scale survey		✓		
Mauro et al. (2018)	Case study		✓	✓	✓
Guillaume (2018)	Article	✓	✓	✓	✓
Kinkel and Maloca (2009)	Large-scale survey	✓	✓	✓	
Sirilertsuwan et al. (2018)	Literature review	✓	✓		✓
Heikkilä, Martinsuo, and Nenonen (2018)	Survey	✓	✓	✓	✓
Fratocchi and Stefano (2019)	Literature review and empirical evidence	✓	✓	✓	✓

*Table 2: Drivers of slowbalisation (Kandil et al., 2020)*

As shown in Table 2, there is a substantial overlap between the drivers of reshoring examined in previous paragraphs and those of slowbalisation. In fact, the analytical models developed by Kandil et al. (2020) and Di Mauro et al. (2018) link the sourcing decision of companies to the globalisation or slowbalisation of the context where they operate, concluding that the higher the degree of slowbalisation within the specific business sector, the higher the likelihood of reshoring of the underlying activity.

## **2.6 Reshoring and Industry 4.0**

In the last decade, the rapid expansion of information and communication technologies and their increasing application to the business domain led to the advent of the so-called Industry 4.0 (Dalenogare et al., 2018; Frank et al., 2019). This label is often used to refer to the adoption of “[business] architectures for connecting physical assets and digital technologies in a cyber-physical system” (Ghadge et al., 2020, pp. 670-671) with the aim of enhancing business capabilities and performance levels. Therefore, Industry 4.0 represents a disruptive transformation for value chains, redefining conventional business models by providing an unprecedented range of opportunities regarding location choice and their respective advantages (Butollo, 2020; Ghadge et al., 2020).

On the one hand, many scholars consider digitalization as a key factor in enhancing the phenomenon of offshoring (Ghadge et al., 2020). Accordingly, the remote and real-time monitoring of production processes, including machines, vehicles and products themselves, and the modularization of production enabled by automation have led in many cases to the geographic fragmentation of value chains (Butollo, 2020). In this way, companies have been able to fully exploit location advantages while maintaining a strong central control on the business activity.

On the other hand, however, a rising number of studies have recently brought to light an opposite perspective. According to Bals et al. (2016), digitalization is providing companies with new opportunities to address or bypass some of the challenges related to the relocation of value chains to high-cost countries. Through the automation of processes, firms can offset the disadvantages related to the higher cost of labour with higher flexibility, lower time-to-market and transportation costs stemming from local productions (Butollo, 2020). In this light, new generations of automated and digital technologies may become “equalizers” of location costs

making reshoring to developed countries feasible and sustainable in the medium-long term (Bals et al., 2016).

It is evident that there is still an ongoing debate on the impact of value chain digitalization on the geography of business activities. Thus, further research is needed to provide additional insights into how Industry 4.0 is impacting the choice of configuration strategies.

## **2.7 Reshoring and Sustainability**

From a business perspective, Elkington (1994) framed the concept of sustainability as a triple bottom line intersecting the dimensions of planet, people and prosperity. Planet refers to the “ability to avoid the extinction of non-renewable resources and reduce pollution” (Fratocchi & Di Stefano, 2019, p. 450); people and prosperity, instead, refer to the mission of ensuring the widespread well-being by fairly and efficiently allocating the available resources, respectively.

It has been widely recognised that production activities affect all these three dimensions of sustainability (Sutherland et al., 2016). Therefore, decisions regarding manufacturing locations have a significant impact on a firm’s overall sustainability. According to Gualandris et al. (2014), increases in geographical scope of value chains make it difficult to address the environmental and social dimensions of the business activity; more specifically, global sourcing jeopardizes the coordination between business functions as well as with suppliers, hindering the fulfilment of sustainability commitments because of ineffective information sharing (Gualandris et al., 2014). Scholars assert that the increase global emissions is largely attributable to offshoring strategies and the resulting creation of longer supply chains (Fratocchi & Di Stefano, 2019) and, despite the economic benefits, global sourcing decisions may lead to a large increase in income inequality around the world (Milberg, 2008).

For the above-mentioned reasons, a reshoring architecture appears to be the most suitable solution to honour firms’ sustainability commitments. Empirical evidence provided by Fratocchi & Di Stefano (2019) suggests that sustainability is often referred to be a driving force for reshoring decisions, although the degree of awareness of decision-makers in this field is still considerably low.

### 3. Literature Review

#### 3.1. Literature review table

Topic	Title	Author(s)	Year	Journal	Contributions	Methodology
<b>Value Chain</b>	Global value chain configuration: A review and research agenda	Hernández, V. Pedersen, T.	2017	Business Research Quarterly	This paper focuses on the concept of global value chain and its configuration, specifically analysing the decisions involved in geographic scope and governance schemes. 5 major governance strategies have been identified and described based on the degree of coordination of the value chain activities.	Qualitative - Literature review
	Global value chain governance: A relational perspective	Kano, L.	2017	Journal of International Business Studies	This paper discusses the advance of global value chains and their disruptive influence in the business world dynamics. Successively, the author examines the issues stemming from the difficulty of coordinating multiple governance modalities and heterogeneous companies involved in the value chain.	Qualitative - Literature review
<b>Reshoring</b>	The reshoring phenomenon: what supply chain academics ought to know and should do	Grey, J.V. Skowronski, K. Esenduran, G. Rundtusanatham, M.J.	2013	Journal of Supply Chain Management	This paper starts by accurately describing the phenomenon of reshoring and examining all its possible configurations in terms of governance. Successively, the authors analyse reshoring from an “offshoring reversal” perspective and predict possible future evolutions.	Qualitative - Literature review
	Exploring the reshoring and insourcing decision-making process: toward an agenda for future research	Bals, L. Kirchoff, J.F. Foerstl, K.	2016	Operation Management Research	This research clarifies the connection between reshoring and insourcing decision-making processes, analysing their different yet self-enforcing characteristics. Practical examples based on case studies are provided.	Qualitative - Content analysis
	The global recession and the shift to re-shoring: Myth or reality?	Delis, A. Nigel, D. Temouri, Y.	2019	Journal of Business Research	This paper addresses the lack of understanding of the reshoring drivers by performing a large-scale analysis of the driving forces that influence companies’ relocation decisions. According to the authors, firms who engage in reshoring are likely to replicate the same strategy in the future.	Quantitative - Statistical analysis
<b>Eclectic paradigm, RBV and TCE</b>	A multi-theory framework for understanding the reshoring decision	McIvor, R. Bals, L.	2021	International Business Review	This research develops a prescriptive framework for understanding location and governance decisions in the context of reshoring. The framework employs the eclectic paradigm, RBV and TCE as theoretical basis to integrate location-, firm- and process-specific factors, identifying the drivers of reshoring (1 <sup>st</sup> stage), the determinants of the exit analysis (2 <sup>nd</sup> stage) and the choice of governance (3 <sup>rd</sup> stage).	Qualitative - Content analysis

	Motivations of manufacturing reshoring: an interpretative framework	Fratocchi, L. Anarcani, A. Barbieri, P. Di Mauro, C. Nassimbeni, G. & Sartor, M. Vignoli, M. Zanoni, A.	2016	International Journal of Physical Distribution & Logistics Management	This paper develops an interpretative framework for the analysis of reshoring motivations and outcomes basing on TCE, RVB and Eclectic paradigm. The model was built upon the integration of the dimensions “goal of reshoring” (customer perceived value VS cost efficiency) and “level of analysis” (internal VS external). The empirical investigation revealed that value-driven and country-specific motivations prevail over efficiency-driven and firm-specific drivers, respectively.	Qualitative - Literature review
<b>OBB and Bounded rationality</b>	Reshoring and insourcing: drivers and future research directions	Foerstl, K. Kirchoff, J.F. Bals, L.	2016	International Journal of Physical Distribution & Logistics Management	This paper focuses on the drivers of reshoring and insourcing phenomena. Accordingly, the research follows a conceptual approach mainly guided by OBB theories. The resulting framework identifies the joint action of transactional and human behavioural drivers in the decision-making process and provides suggestions for future research endeavours.	Qualitative - Literature review
<b>Slowbalisation</b>	Globalisation vs. Slowbalisation: a literature review of analytical models for sourcing decisions in supply chain management	Kandil, N. Battaia, O. Hammami, R.	2020	Annual Reviews in Control	The paper introduces the trend of slowbalisation and compares it with the well-established phenomenon of globalisation, focusing on their respective impact on sourcing and location decisions. Accordingly, the authors define the drivers of both phenomena and incorporate them in existing analytical models to help understand and optimize sourcing decisions.	Qualitative – Literature review
<b>Industry 4.0</b>	The impact of Industry 4.0 implementation on supply chains	Ghadge, A. Er Kara, M. Moradlou, H. Goswami, M.	2020	Journal of Manufacturing Technology Management	This paper explores the drivers and barriers of Industry 4.0 under a strategic, organizational, technological, legal and ethical dimension. These are then employed to understand the impact of digitalization on supply chain configuration and sourcing decisions, providing both favourable and unfavourable arguments for reshoring.	Qualitative – Literature review
<b>Sustainability</b>	Does sustainability matter for reshoring strategies? A literature review	Fratocchi, L. Di Stefano, C.	2019	Journal of Global Operations and Strategic Sourcing	The choice of manufacturing location has a significant impact on the overall business sustainability. According to the authors, the establishments of geographically dispersed value chains hampers the coordination within the firm and with external suppliers, leading to suboptimal business processes. Although sustainability appears within the drivers of reshoring, the awareness of decision-makers is still limited.	Qualitative - Literature review

*Table 3: Literature review (own source)*

### 3.2. Research strategy

The literature shown in Table 3 has been collected and analysed according to a comprehensive research procedure. Firstly, the databases Scopus, Web of Science, Google Scholar and SpringerLink have been investigated by means of the following research strings:

- ◆ Global value chain AND configuration;
- ◆ Reshoring;
- ◆ Reshoring AND insourcing;
- ◆ Reshoring AND eclectic paradigm;
- ◆ Reshoring AND organizational buying behaviour;
- ◆ Slowbalisation AND supply chain;
- ◆ Industry 4.0 AND supply chain;
- ◆ Sustainability AND reshoring.

Successively, papers have been selected among the results according to two major criteria; firstly, research specifically focusing on reshoring should have been published earliest in 2016 to ensure the collection of recent and meaningful data. The same principle has been consistently applied to papers focusing on the latest trends of slowbalisation, industry 4.0 and sustainability, while it has been ignored for literature related to paradigms, axioms and basic economic concepts. At this point, the technique of cross referencing has been selectively applied to enlarge the theoretical base in the most meaningful areas of the research. Finally, the research outcome has been refined by including only papers with a Scimago Journal Ranking index higher than 1. Overall, the current research draws upon 64 journal articles, 3 books, 2 report and 3 webpages.

According to Table 3, the majority of the selected papers employ a qualitative methodology using the instrument of literature review. This yields a strong theoretically grounded yet static knowledge, which in some cases does not fit the explorative research purpose.

## 4. Research Model and Propositions

In order to address the research questions developed in the first chapter, the present section of the exposé develops an interpretative framework to understand the decision-making process behind reshoring and analyse both the drivers involved in the decision and their relationship with the outcome in terms of governance. The research model was obtained by the combination of the prescriptive framework developed by McIvor & Bals (2016), from which transactional drivers and the decisional stages have been derived, and the cognitive framework developed by Foerstl et al. (2016) for the identification of human and behavioural factors as well as contextual variables. Successively, the underlying research propositions will be provided.

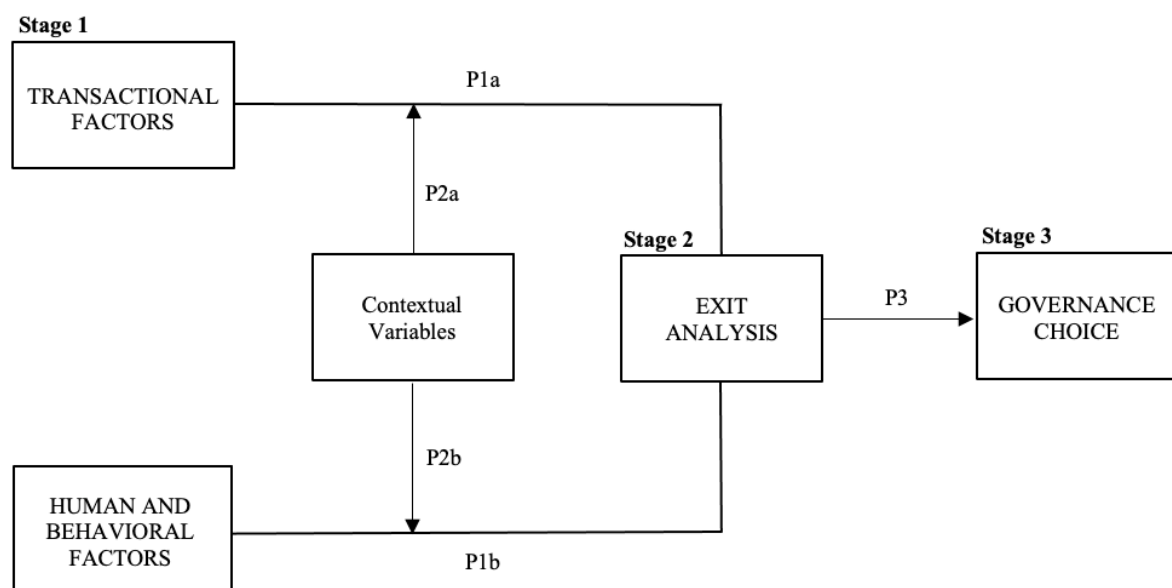


Figure 6: Research model (own source)

Similarly to the model of McIvor & Bals (2021), the research model shown in Fig. 6 fragments the reshoring decision into three subsequent stages; the first stage is represented by the analysis of the driving forces, which are divided into transactional and behavioural according to the cognitive process in which they are rooted. The difference between transactional and behavioural drivers, as well as the underlying theories and items, are explained in detail in chapter 2. Between stage 1 and stage 2, the framework inserts the

contextual variables of slowbalisation, industry 4.0 and sustainability. According to the literature, companies are experiencing these phenomena in almost every business sector and their influence in driving reshoring decisions is significantly increasing yet unsystematic (Bals et al., 2016; Fratocchi & Di Stefano, 2019; Kandil et al., 2020). Therefore, the present research model is intended to assess the extent to which contextual variables affect the reshoring decision as well as the cognitive process they generally affect. The second stage is represented by the exit analysis already explained in chapter 2, where companies concretely evaluate reshoring alternatives on the basis of internal and external parameters. Finally, the third stage consists in the selection of the most appropriate governance strategy for the activity that will be reshored. As suggested by Foerstl et al. (2016) concerning future research endeavours, the model investigates the relationship between the triggering drivers and the reshoring outcome in terms of governance.

Therefore, on the basis of the framework in Fig. 6 and the literature examined in the previous chapters, the following research propositions can be developed:

***P1a:** Transactional factors contribute more than human and behavioural factors to drive reshoring decisions;*

***P1b:** Human and behavioural factors contribute more than transactional factors to drive reshoring decisions.*

The first proposition is intended to answer the research question RQ1 by investigating the extent to which the transactional and behavioural factors identified by the literature effectively contribute to drive reshoring decision. In order to address the second part of the research question concerning the interaction between the drivers, the study will investigate how the joint action of drivers affects the cognitive processes of decision-makers and which of them prevails over the other.

***P2a:** Contextual variables are accounted as transactional factors;*

***P2b:** Contextual variables are accounted as human and behavioural factors.*

The second proposition answers the research question RQ2 by investigating the influence of the contextual variables of slowbalisation, industry 4.0 and sustainability on reshoring decisions. In particular, the aim of the research is to verify whether decision-makers are fully aware of the implications of those variables or not, classifying them as either transactional or human and behavioural factors accordingly.

*P3: The choice of governance depends on the category of the triggering drivers.*

The third and last proposition is intended to answer the research question RQ3 by exploring how companies concretely reconfigure their value chains when implementing reshoring and investigating whether the choice of the governance for the reshored activities is somehow related to the prevailing drivers identified by decision-makers.

## **5. Methodology**

This chapter provides an overview of the methodological approach employed by the study to address the research questions. Firstly, the motivations behind the choice of a qualitative research and the application domain will be outlined. Subsequently, the chapter will provide a description of the target population and the underlying sampling techniques. Finally, data collection and analysis procedures will be discussed.

In order to pursue the research objective, a qualitative study will be performed by means of the in-depth 1:1 semi-structured interview instrument. First of all, the choice of a qualitative research design is attributable to the abstract nature of the research topic and the difficulty to numerically assess the impact of each variable on the overall decision-making. Furthermore, semi-structured interviews offer the unique possibility to perform in-depth analyses exploring the motivations behind the different factors affecting the reshoring decision and identifying correlations and patterns otherwise overlooked. Accordingly, this interview format provides the right flexibility to explore a given topic guiding the respondent through the conversation, adapting the timing and focus of questions to the path of the interview (Abdul-Khalid, 2009). As already mentioned, the context of the research will be the decisional flow undergone by companies starting from the identification of the drivers and culminating in the choice of governance for the reshored value chain activities, while the unit of analysis will be represented by individual decision-makers who will be individually interviewed.

For the purpose of the research, a panel of Italian companies will be selected reflecting specifically designed criteria. With reference to the company's profile, the panel will be composed by Italian manufacturing companies operating on international markets and having at least part of their value chains located in offshore destinations. In order to be eligible,

companies must have successfully implemented a reshoring strategy within the last 5 years, or they must currently be within one of the three stages identified by the framework in Fig. 6.

The choice of limiting the scope of the research to Italian companies is attributable to the fact that Italy is the most popular European reshoring destination, considering United Kingdom as non-European. Therefore, the availability of suitable companies as well as their reshoring-related knowledge is higher than elsewhere. Furthermore, service companies have been excluded for two main reasons; firstly, a different approach is needed for exploring the reshoring of services (Albertoni et al., 2017). Secondly, the repatriation of manufacturing activities is generally more costly, giving the decision a higher strategic relevance (Barbieri et al., 2018). With reference to the respondent's profile, the interviews will mainly address C-level employees with longstanding experience within the company and extensive knowledge about global sourcing and governance strategies.

The interview will be based on a set of previously designed questions and will be divided into three parts reflecting each stage of the framework; customized ad-hoc questions will be employed to investigate peculiarities and dissimilarities that might arise during the interview. A pilot interview and/or an interview validation will be conducted with a supply chain manager to test the clarity and appropriacy of questions and make adjustments if needed.

With reference to data collection and analysis procedures, the interviews will be performed both personally and electronically via business platforms. In agreement with the interviewee, the interview will be recorded and the full transcription will be available in the Appendix. The verbatim will be then coded and analysed by means of the software program MAXQDA to provide frequency diagrams and concept associations to support the research objective.

## **6. Expected Contributions**

By addressing the research gaps described in chapter 1, the research provides meaningful contributions to scholars as well as practitioners concerning the decision-making process behind reshoring and its relationship with the observed outcome. On the one hand, the present research represents a manual for the implementation of informed and accurate reshoring decisions; on the other hand, it is intended to be a pioneer for future research in this direction, combining both the rational and psychological dimension of decision-making and considering the influence of contextual variables such as global trends on the business reality. In the following section, accurate descriptions of the above-mentioned contributions will be provided.

### **6.1 Scholarly Contributions**

According to chapter 1, previous studies identified two major gaps having high relevance for scholars. The first and boarder one concerns the forces driving reshoring and, in particular, the integration between transactional and behavioural factors in shaping intrinsic motivations. According to the models developed by McIvor & Bals (2021) and Fratocchi et al. (2016), transactional factors seem to have a higher influence in the decision-making process, while subjective and emotional components only play a marginal role as reshoring drivers. Contrarily, the framework developed by Foerstl et al. (2016) acknowledges the relevance of behavioural drivers focusing on the underlying theories and biases that govern human psychology. However, the instrument of literature review employed by the authors does not allow the exploration of intrinsic motivations and hidden psychological paths that lead to the reshoring decision, giving only marginal contribution to the generation of new knowledge. Thus, by means of 1:1 semi-structured interviews, this research will purposefully enhance innovative theory-building by filling the gaps that still persist in the literature.

The second and more specific gap concerns the link between drivers and governance strategic choices. According to Foerstl et al. (2016), there seems to be a correlation between these two stages of the reshoring process, but no explorative research has been done in the field yet. Thus, the present study will address this gap through the application of inductive theory building, starting from the observation of governance strategies implemented by companies and reconstructing the decisional path by means of interviews. Therefore, the expected

contribution to scholars in this case is represented by the attempt to derive a theory applicable to similar cases.

## **6.2 Implications for Business and Society**

From a business perspective, the research is intended to provide companies and business managers with practical insights into how the decision-making process is articulated and reshoring strategies are implemented accordingly. Previous studies identified three major gaps whose resolution might be significantly beneficial for both companies and society.

These gaps relate to the relationship between reshoring and digitalization, sustainability and slowbalisation, respectively. The significance of these topics is given by the fact that both the business world and the society are experiencing these global trends and facing considerable challenges related to their disruptive changes (Butollo, 2020; Ghadge et al., 2020; Orzes & Sarkis, 2018). Through explorative research by means of semi-structured interviews, this study is addressing not only the extent to which these variables impact reshoring decisions, but also the cognitive processes they affect. On the one hand, this allows managers to address the “location decision dilemma” with a higher degree of awareness and goal-oriented attitude, employing reshoring as a competitive advantage rather than simple adaptation to evolving scenarios (Foerstl et al., 2016; Fratocchi et al., 2016; McIvor & Bals, 2021). On the other hand, it helps the society as a whole to consciously shift a reshoring perspective, building both the behavioural and normative base to embrace the changes brought by reshoring without being subjugated by them.

## 7. Chapters Overview

To summarize, the present research is designed according to the following architecture:

- I. Abstract*
- II. List of abbreviations*
- III. List of figures*
- 1. Introduction*
- 2. Theoretical framework*
- 3. Literature Review*
- 4. Research Method and Propositions*
- 5. Methodology*
- 6. Contributions*
- 7. Results and Findings*
- 8. Discussion*
- 9. Conclusion*
- 10. References*
- 11. Appendix*

## 8. Work Plan

PLAN OF WORK - MASTER THESIS - EUROPEAN MASTER IN BUSINESS STUDIES																				
ACTIVITIES		2021																2022		
		September				October				November				December				January		
		36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	1	2	3
READING	Topic definition																			
	Research Literature																			
	Reading literature																			
METHODOLOGY	Research definition																			
	Interview design																			
	Interview approval																			
	Gathering contacts																			
	Interviewing																			
WRITING	Coding																			
	Analysis of results																			
	Finalization																			
	Review																			
	Presentation																			
DEADLINE	Topic proposal																			
	Exposé																			
	Delivery																			
	Defence																			

Table 4: Plan of work – Master thesis (own source)

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