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The Path from Outsourcing to Backsourcing: Debating its Logic and Considerations

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Abstract

The purpose of this paper is to examine the evolution of offshoring and outsourcing over time and highlight strategic considerations underpinning this process in companies. On the basis of four case studies of Danish and German industrial companies, this paper develops a holistic framework conceptualizing various levels of outsourcing and offshoring as well as factors driving the transition between these levels. The framework adds to better understanding of the process, challenges the linear nature of it and suggests that ‘backsourcing’ and repatriation of activities should receive more attention in the future research on the subject.

Keywords: Outsourcing, Offshoring, Backsourcing, Manufacturing firms, Case studies

Introduction

Facing the intense competition, companies are seeking to achieve a higher degree of efficiency and effectiveness by reconfiguring and reorganising their discrete value-added activities and subsequently relocating them to most appropriate destinations. This process may be confined only to crossing geographic borders and occur on an ‘intrafirm’ basis (i.e. offshoring). However, increasingly, in many industries (e.g., textile, footwear, IT services) it has also been accompanied by vertical disintegration of activities and their outsourcing to external suppliers (Kotabe & Murray, 2004; McIvor, 2005; Aron & Singh, 2005).

The phenomena of offshoring and outsourcing are not new. They have been on the agenda of many companies for a number of years. However, the recent economic trends significantly

increased their magnitude and dynamics. Outsourcing and offshoring may enable companies and public institutions to be more efficient and effective and to do more with less through streamlining operations and focusing on the core competences (Hamel & Prahalad, 1990). Examples of organisations embarking on this path and 'stripping themselves down to their core functions' (Benn & Percy, 2002:1) are numerous. However, outsourcing to companies or organisations outside the firm or offshoring to own subsidiaries overseas can be challenging and have significant strategic implications (Warburton & Stratton, 2002; Aron & Singh, 2005; Kotabe et al., 2008). When starting an outsourcing process an organization may not be aware of these profound impacts, which may also require changes in a number of areas, including organisational structure, product and process technology, as well as supply network coordination capabilities. Some recent research also documented how companies backsource manufacturing activities (e.g. Kinkel & Maloca, 2009). On the government side, similar trends of questioning benefits of outsourced activities and Public-Private Partnerships can be found (e.g. Hodge & Greve, 2010). Recently politicians in the traditional industrial centers of North America, Europe and Japan have been met with comprehensive demands for creating more jobs within manufacturing. Furthermore, annual wages and salaries increase above 20% in emerging economies such as China also make overseas outsourcing less attractive or challenging (Anderline, 2011).

If we think about things we associate with outsourcing and offshoring, words such as transfer, transformation, transition come to mind. Despite most of these developments are taking place over time, paradoxically, the nature of much of the previous research dealing with offshoring 'mechanics' can be described as largely 'aprocessual'. Much of the literature examining various aspects of the phenomena seems to 'lock' them into a number of isolated initiatives. Step-by-step guidelines for preparing and implementing such initiatives are numerous (e.g., Momme, 2002; Cullen & Willcocks, 2003; Godfredson et al., 2005; McIvor, 2005). However, the perspective integrating the totality of such initiatives, as well as examining the strategic considerations and their interplay over time, is largely neglected in the literature.

The purpose of this paper is to bridge this gap and to develop a holistic framework conceptualizing various levels of outsourcing/offshoring and back sourcing/re-shoring. Furthermore, the paper seeks to relate the identified levels of outsourcing to the requirements organisations should meet at a particular level. In addition, the paper discusses the types of considerations for management when an organisation is seeking to upgrade or downgrade (we perceive downgrading as back sourcing) its level of outsourcing or offshoring. Our exploration of levels of outsourcing is inspired by the work of De Vita and Wang (2006). However, the study by De Vita and Wang (2006) only focuses on three rather general generations of outsourcing. We extend the analysis to the offshoring domain and attempt to detail the framework by highlighting considerations that management may need to have when upgrading or downgrading the levels of outsourcing and offshoring.

For focusing the research interests of this study, the aims of the paper can be translated into the following research question: *How does the process of outsourcing/offshoring, and back sourcing/re-shoring evolve over time and what are strategic considerations underpinning the transition among the levels?*

The paper is divided in four parts. First we present a theoretical background. Then we describe our methodology and four case studies that illustrate the discussion at different levels of outsourcing/offshoring. In the third part, we conceptualize our findings and discuss a framework in relation to the levels of outsourcing and offshoring we have identified. Throughout our discussion, we address how a change in levels also involves an innovative process. Finally in

the fourth part, we conclude and discuss our contribution to theory. The paper closes with limitations and suggestions for how to unravel the tentative results further and to test them.

Theoretical background

In building the theoretical background for this study, we employ the body of literature on outsourcing and offshoring (e.g. Quinn, 1999; Mclvor, 2005; Aron & Singh, 2005; De Vita & Wang, 2006). Even though contributions to the literature in the field of outsourcing and offshoring are numerous, they predominantly focus on isolated aspects of the phenomenon. Some studies (e.g. Bettis et al., 1992; Kotabe et al., 2008) call for the need of a more holistic and strategic view, which this paper attempts to contribute to.

There are many connotations prescribed to the concepts of offshoring and outsourcing by academia and practitioners and the concepts do not lend themselves to simple definitions. On the contrary, they often appear to be a kind of terminological jungle in which various definitions compete. In this paper a very broad spectrum of dynamic and quite distinct scenarios of outsourcing and offshoring is differentiated in terms of their contractual and location implications and grouped into two categories. First, outsourcing can be viewed as a complete or partial discontinuation of in-house activities and, thus, refers to externally supplied or 'outsourced' activities (Benn & Percy, 2002; Jenster et al., 2005). Second, the category of offshoring refers to the process of relocating a company's activities overseas without giving up ownership and direct control (Aron & Singh, 2005; Pyndt & Pedersen, 2006). We recognize the differences between the two categories and therefore for maintaining conceptual clarity throughout the paper we refer to them separately. On the other hand, significant overlaps and correlations between the two (e.g. both may lead to the so called 'hollowing out effect' (Bettis et al., 1992) and degradation of competences of mother company (Kotabe et al., 2008) allow for accommodating both of them in one framework this paper proposes.

Companies using offshoring choose to extend only the geographical dimension of activities while retaining ownership over them. So offshoring is used as a way to capitalize on some of the potential benefits of outsourcing, frequently mentioned in the literature (e.g. Jenster et al., 2005; Mclvor, 2005). These benefits include cost reduction and specialization, and to avoid some of the risks outsourcing companies face, including loss of control over activities, loss of critical skills, dependency on external suppliers (Mclvor, 2005; Heywood, 2001). It goes without saying that the idea of dispatching work to third parties or owned subsidiaries overseas is not new. In fact, it has centuries of history (Benn & Percy, 2002; Jenster et al., 2005). However, the real revolution of the concept happened in the late 1980s, when more countries started negotiation with GATT (currently WTO) and the term outsourcing actually started penetrating the vocabulary of academia and practitioners. Popularization of the concept of core competences (Hamel & Prahalad, 1990) as well as vertical disintegration and production fragmentation have changed previously dominating traditional approach when companies develop and perform most of their activities in-house.

Until recently, the conceptualization of the aforementioned trends towards outsourcing and offshoring was based on the assumption that not all functions are equally susceptible to crossing national and organizational borders (Gottfredson et al., 2005; de Vita & Wang, 2006). According to scholars as well as practitioners, production activities were perceived as a good candidate for re-location because these activities based on routine and manual labour could be easily codified, transmitted and absorbed on the receiving side. This notion started gaining popularity already in the 1960s, as 'soaring wage costs in the industrialized countries raise the prospects of wholesale movements of industrial facilities across national boundaries' (Leontiades, 1971); yet

it took off significantly during the 1980s. While production tasks of many original equipment manufacturers (OEMs) were getting dispersed, the bulk of their high value-added innovation and development tasks were kept domestically in-house in order to retain control, to foster future capabilities, and to protect the key knowledge of the lead firm from leaking to competitors.

Nevertheless, recent literature suggests that the process of outsourcing and offshoring has entered into a new phase, in which the mobility of all value chain activities has increased. Some research suggests that all types of activities are potential subject to relocation to locations endowed with the appropriate technological competencies, skills and knowledge (Doh, 2005). Thus, not only routine transactional tasks but also more knowledge-intensive and proprietary tasks, including research and development (R&D) and services, are increasingly subject to global dispersion and fragmentation (Lonsdale & Cox, 2000; Lewin & Couto, 2007; Kennedy & Sharma, 2009). As the game is changing, new previously unexplored issues and challenges are in need of systematic attention. Namely, *how the processes of outsourcing and offshoring develop over time? What are strategic considerations underpinning the development?*

Methodology and cases

The empirical part of the study is based on four case studies. Three of the cases represent Danish industrial companies of various sizes and one of the studies is made in a German company with main activities in Eastern Europe and in China. All four cases represent different industries within manufacturing. They are currently engaged in a number of initiatives, which stretch their operations on a global scale. To remain competitive, the companies have been forced to reconsider their approaches to offshoring and outsourcing.

The multiple-case study strategy (Yin, 2009; Voss, 2009; Eisenhardt, 1989; Eisenhardt & Graebner, 2007) has been chosen for this investigation for several reasons. First, case studies can describe, enlighten and explain real-life phenomena that are too complex for other approaches requiring tightly structured designs or pre-specified data sets (Voss, 2009; Yin, 2009). Second, the case study strategy is well equipped instrumentally for furthering understanding of particular issues or concepts which have not been deeply investigated so far (Eisenhardt, 1989; Yin, 2009). Last but not least, multiple cases were used in order to avoid the danger of potential vulnerability of single-case designs to misjudging the representativeness of a single event. In addition to enhancing external validity, the analytic benefits of having multiple cases are significant (Voss, 2009).

In this research we have used semi-structured interviews and observations as primary data collection methods. In addition, documents of varying sizes have been studied, including annual reports, press releases, and presentation material to customers and stakeholders. In total 26 semi structured interviews, six focus group interviews and a number of observations and talks have been conducted in the four cases. In nearly all cases interviews have been taped, transcribed and approved by the interviewed. As we progressed in our work, we have in the later interviews used the visualisations and displays as an outset for the discussions with managers. These led to developing the framework proposed in this paper. In addition, four internal company reports have been made and the results discussed with management in case B and C.

Case Studies

Case A is a small Danish industrial manufacturing company employing just 10 - 15 staff. The company, which is family owned, works within a niche market of machining stainless steel. The

company outsources according to requirements from legislation, e.g. electrical installation, annual test of cranes, maintenance of natural gas boiler for heating etc. Moreover, the company outsources what they find logical, e.g. carpenters work, gardening work or resources related to specifics of the technological process which may be considered by the owners.

The company sells their products to end customers. However, because the company works within a niche, large companies also act as customers. In some instances, these larger customers also act as distributors of the product. The larger companies simply find the product too complicated to develop, to adapt and to manufacture in relation to their customers' needs.

Case B, represents a study conducted at a manufacturing plant employing about 120. The plant belongs to a Danish firm employing more than 20.000. In this case, management had realized that it was impossible to keep high competences within all areas and therefore 90% of all machining was outsourced to sub-suppliers. However, all assembly processes were kept in-house with the purpose to be able to manage the final quality of the product. This outsourcing initiative was implemented while the plant was moved to a new location within Denmark and around 95% of all employees were changed within five months. The relocation of the plant drew out a large number of resources from the whole organization and management realized that "never again" they would embark on such a large scale outsourcing while the plant was being moved to a new location. Instead, management would recommend keeping as many parameters as possible stable through a relocation.

In case C, manufacturing was offshored through a transfer of manufacturing facilities from head quarters in Germany to a new established green-field plant in China. The company works on mass production and produces products in different variants for private and for commercial use. Previously the firm had established two manufacturing plants in Eastern Europe. The move to Asia was related to entering a growing Asian market and objectives to reduce cost. While establishing the new plant in China, the firm wanted to minimize risks associated with that. Therefore, well-running equipment from Germany was transferred to China. In addition, new manufacturing equipment was ordered in China and a comprehensive downgrading of technology was made by focusing less on automated equipment and much more on labour intensive equipment. Within three years, the Chinese plant had developed from zero employees to about 800 employees. Overtime the Chinese plant reached the level of capabilities allowing it to focus more on assembly processes and less on the production of parts. Therefore, a decision was made to outsource the production of parts within China to have access to very distinct and key manufacturing competences of each parts of the product. That created a huge innovative process where the Chinese plant expected to become "core and clear" by focusing on assembly and therefore a "*Suppliers Development Process*" was initiated to be able to outsource the manufacturing of parts. However, this involved a strategic change and led to a very complex change process where reliable sub-suppliers had to be tracked down.

Case D is a Danish textile company that develops, manufactures, and sells high-quality furniture fabrics and related textile products to industrial customers. During almost all of the company's 160-year history, wool and the treatment of wool have been a core expertise. In the 1960s, a niche market for woollen upholstery fabric began to grow, and by 1980 it became the company's main focus.

Until the mid-1980s, the company concentrated on the domestic market. In contrast, today the company exports more than 85% of its products. However, changes characterised not only the demand side of business. In the late 1990s, transformations in the external environment of the company, such as growing low-cost competition from Asia, revealed the need for changes in

how company's operations were organised. Traditionally, the company mastered every process from the treatment of raw wool to the finishing of the woollen fabric. However, in the late 1990s the company's approach to operations started to change with offshoring and outsourcing initiatives penetrating various stages of its production.

By 2008, all production processes were outsourced to partners overseas, while the company focus shifted primarily towards managing a network of suppliers and development of integrated solutions for its customers. The transfer of production to sites in Lithuania took place in stages. First it outsourced less complex processes. For some time after the outsourcing journey started, some quality-sensitive operations, such as dyeing, softening, and washing, were still carried out by the company's lead factory in Denmark. However, in 2006 the decision to transfer the rest of operations abroad was made, radically shifting Danish facilities towards more network coordination, market and development.

Through these activities the company retained knowledge about its entire supply chain, and specifically on the processing procedures at each stage. This knowledge was absolutely essential to the company's customer service, particularly regarding cooperation on product development. It also meant that the company retained some employees previously involved in production, even after the last production process left Denmark. As the outsourcing initiatives expanded, the company also started buying finished fabrics from external suppliers. Since 2006, a representative office in China that currently employs 8 people has been playing a crucial role in this process.

Findings and discussion

In this section we will illustrate our findings from the cases and discuss these findings in relation to the literature. Figure 1 below illustrates an overview of our findings and our discussion.

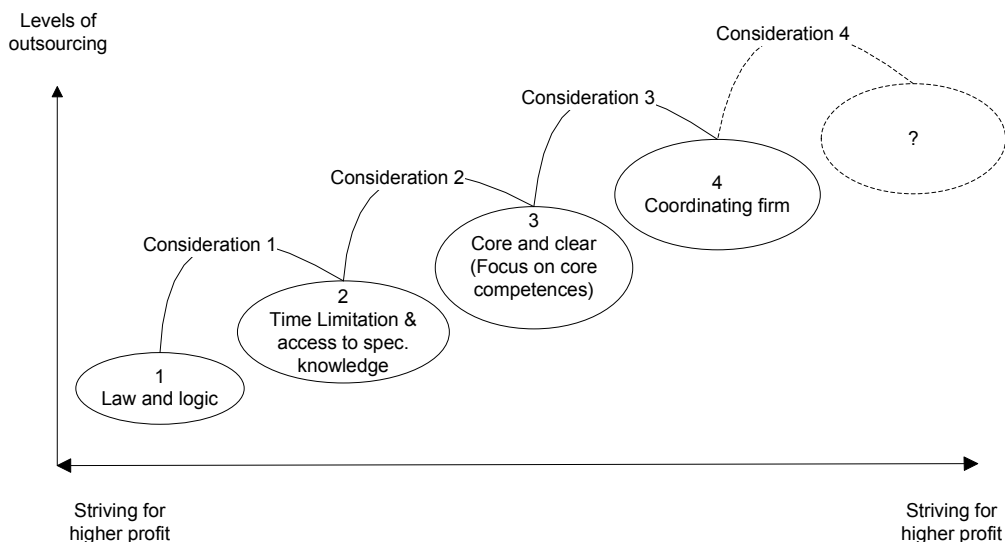


Figure 1. Considerations in levels of out- and backsourcing

The inspiration for this conceptualisation comes from Slack et al., (2010) analysing manufacturing process types in a range from project management to continuous processes. Even though, the framework was developed through our discussion, it appears at the beginning of this section in order to give the reader an overview of our findings and discussion.

The figure illustrates four levels of outsourcing leading to the contours of a fifth level.

De Vita & Wang (2006) discuss “Bigger-is-Better vs. Small-is-Beautiful”. We have taken a point of departure in their discussion. However, the case studies we investigated allowed us to challenge some of the notions we started from. According to De Vita & Wang (2006), as well as other work on offshoring and outsourcing (e.g. Godfredson et al., 2005; Mclvor, 2005), potential of higher profit and improved bottom line drive the trend towards escalation of outsourcing and offshoring. We have found some support of these observations in our studies, but we have also identified how backsourcing might have led to a better control and higher profit. Therefore, in our discussion we illustrate how the five different levels of outsourcing and offshoring call for more profound considerations when moving from one level to the other. In the following we discuss these considerations in relation to the five levels of outsourcing.

Level 1 - Law and logic outsourcing

From our field studies, case A in particular, we have found that a first level of outsourcing will imply outsourcing of secondary and support tasks within a company. We use the term “law and logic” to illustrate this level of outsourcing while in this situation management has not made a formalized decision about what to outsource and what to keep in house. At this level, outsourcing is driven by the technological properties of some tasks and the fact that some specialized companies in the neighbourhood were better suited to carry out these tasks, i.e. it was logical to outsource these tasks. For instance in case C, the director of supply chain development processes explained how the first level of outsourcing had been reached more than ten years ago. It started in the company’s German headquarters where activities such as cleaning, canteen and gardening had been outsourced. Management in all cases also found that tasks which called for a license required by legislation, e.g. maintaining fork lift trucks, maintaining a natural gas boiler for heating, extension of electrical installation, were outsourced to licensed local companies.

All cases show that this level of outsourcing was only used to meet existing legal requirements or because management found outsourcing logical without any deeper consideration.

Consideration 1- further outsourcing or less outsourcing

The cases have demonstrated that when striving for higher profit, management may seek to outsource tasks beyond secondary and support tasks to gain access to specific knowledge. In case A, management explained how they had outsourced manufacturing of complicated items because other companies had more advanced technology and were better at producing these items. However, management also described that a later investment in new and more sophisticated manufacturing equipment had led to backsourcing of the complicated items because the company itself was able to achieve a higher profit. In addition, the company became much more flexible and found it easier to manage production when not depending on external suppliers. In a very small company like case A these strategic decisions were explained to be made rather fast i.e. “*while we have our coffee*”.

The example of outsourcing and backsourcing from case A illustrates how the levels of outsourcing may go upwards or downwards when striving for higher profit or higher flexibility within a company. It also shows how a change in technology or new technology may constitute an important driver in out- and backsourcing of activities.

Level 2 Time limitations and access to specific knowledge

Our field studies have also illustrated how management within production may find it difficult to maintain specific up-to-date knowledge about all aspects of manufacturing processes. Respondents in all cases explained how their companies outsourced activities to be able to get access to specific knowledge saving time and investment in the development activities. In case A, engineering capabilities such as approval of products for maritime classification like Lloyds, Bureau Veritas, Germanischer Lloyd etc. had been outsourced to expert companies.

In case C, management emphasised how an outsourcing of electronics had been made to a large sub-supplier in China to be able to get access to very specific high volume manufacturing knowledge. In this instance, the company experienced they were lagging behind while the sub-supplier was able to assist the company with further development of their product and helping them to catch up with the latest technological developments.

Consideration 2 - further outsourcing and where to outsource

When endeavouring to be the best within the field, a company may seek to focus on core competences and may outsource all or some of their non-core activities. However, this appears to involve a number of challenging outsourcing processes which are difficult to handle. Case B particularly well illustrates some of these difficulties. In this case, the outsourcing initiative coincided with another domestic transfer project making the situation very complex. Management decided that 90% of the machining was to be outsourced to subsuppliers. However, this outsourcing was executed while the old plant was moved to a new location in Denmark resulting in 95% employee turnover in 5 months. This process drew out a large number of resources because too many things were at play at the same time (i.e. moving a plant, training employees, developing knowledge, meeting 20% growing customers demand and running an extensive outsourcing process).

Case B also showed the importance of considering lead times in relation to outsourcing. In this case casted iron parts were sourced from China. However, management found that this outsourcing led to new problems because it was difficult to cope with eight weeks of lead time from China and a change to a Turkish sub-supplier was made leading to cutting the lead times in half. This development considerably eased the pressure on other processes. However, the sub supply of other tasks, such as machining parts, from another sub-supplier in Turkey was not problem-free either; while in relation to machining, the four week lead time also did not satisfy the company. By coincidence, a reliable machine shop was found close to plant B in Denmark and therefore machining of parts were backsourced and 'repatriated' from Turkey to a company in 'the back yard' and lead times were reduced to one single day without any appreciable raise in costs.

Level 3 - Core and clear - focus on core competences

All four case companies have identified that they were more or less striving to become core and clear and to focus on core competences. Even though case A was a very small company, they

justified their existence on a niche market and found it important not to do what all others were able to do better.

It may sound logical just to focus on core competences and outsource the rest to experts. However, our study has shown dynamic scenarios in all the cases where technology, equipment, markets and societies are changing fast and these changes may lead to a new situation. For instance, a company may buy a new machine, get new employees with other skills and knowledge or enter new markets. This all will lead to a new context, new competition and to new considerations about out- or backsourcing.

Considerations 3 – Further outsourcing - a change in business model

When companies seek to progress from what we have denoted as the third level of outsourcing by outsourcing all manufacturing activities, dramatic strategic developments take place. Particularly in case D, our empirical studies illustrated a whole change in company's business model when turning the focus from manufacturing towards becoming a trading company like.

Level 4 - The coordinating firm/organization – all is outsourced

At this stage the company can be described as a trading company where all manufacturing activities are outsourced to others and the core competence of the company shift to coordination and development. Case D reached this stage after the transfer of production to sites in Lithuania was complete. This radically shifted the focus and role of the Danish facilities from manufacturing to innovation, system integration, and supply chain management. These emerged as new core areas replacing the actual manufacturing competence, making the following activities a daily routine of the company's operations: 1) Need for continuous presence of the company's team at new partners' sites; 2) Communication of the importance of quality and environmental management to partners; 3) Constant search for new suppliers; 4) Key account management.

Today the company can be characterised as a market-oriented company with a semi-virtual production network. It consists of several companies and business units within a single economic and ethical framework. The company managed to transform itself from a classic materials supplier to a system integrator in control of its entire supply chain through the effective use of knowledge governance mechanisms, enabling it to maintain deep insight into the production processes without necessarily owning and directly controlling all elements of their supply chain.

Consideration 4 - Outsourcing vs. dismantling of organization and society

In figure 1 presenting the levels of outsourcing we have illustrated the contours of a fifth level of outsourcing, i.e. what comes after the trading and coordinating firm or organisation where all manufacturing and core activities are moved outside its organizational boundaries and/or its home country borders. The trend towards this level is based on the premise that higher performance and profitability is achieved once companies reach it. In this paper, however, we advocate a different view, namely that striving for higher profitability and improved performance is possible through downgrading of outsourcing/offshoring levels. Such a view is still quite rare in the outsourcing literature stream. However, some studies focusing on backsourcing have emerged (e.g. Kinkel & Maloca, 2009). Within the research area of new public management we have also experienced new trends in discussion about "backrolling" (Hodge & Greve, 2010), i.e. backsourcing of activities to be able to have control of processes.

However, the issue of control is only one factor which may drive back-sourcing and repatriation of activities. Through the development of this paper, we have identified another factor, namely outsourcing and offshoring of production over time may lead to degradation of innovative capabilities. This may be explained by multiple systemic linkages between production and R&D along the entire life cycle of a product; if these linkages are disturbed by outsourcing and offshoring initiatives, this may be detrimental for the longer-term sustainability of the business. To illustrate this situation by an example from a service sector, in 2011, due to a number of outsourcing initiatives many Danish citizens were not able to finish the yearly tax statement form due to system breakdowns caused by strikes at IT sub-contracting firms.

Level 5 – ?

In this paper we have denoted this ultimate level of outsourcing with a question mark. Our question here signifies the uncertainty which is associated with the fundamental change which occurs in the organization reaching this stage. Comparing it with the fourth level, the degree of transformation at this level is much higher. The organization that reaches this stage changes unrecognizably (industry, products, business units, etc.). If this move is part of a strategic consideration and analysis, it is likely to result in achieving higher profits. However, often companies just follow a reactionary approach leading to them being outcompeted or even dismantled by the market forces.

This discussion is also relevant to the public sector organizations. Drawing inspiration from Klein (2007), we can insinuate that outsourcing of many government functions to private suppliers locally or overseas is not always based on the economic rational, but rather is driven by political convictions.

Conclusion and future research

This study examined the evolution of offshoring and outsourcing over time and highlighted strategic considerations underpinning this process in companies. On the basis of four case studies of three Danish industrial companies and one German industrial company, this paper developed a holistic view conceptualizing various levels of outsourcing and offshoring as well as factors driving the transition between these levels. The framework has added to better understanding of the process and challenged the linear nature of it. On this basis we can conclude that 'back-sourcing' and repatriation of activities should receive much more attention in the future research on the subject. The facts quoted in the business press (e.g. Anderline 2011) also point to conditions that are likely to lead to increasing rates of back-sourcing/re-shoring of activities. To mention a few, growth rates above 7% are expected in the "worlds factory" in China for the next five years (12th Five-year plan for CPR), salary raises about 20% in China and very high unemployed rates in southern Europe reaching 21,2% in Spain (Eurostat, European Commission); all these may support back-sourcing trends.

While the results of this study are highly suggestive, the limitations of the analysis should be noted. First of all, these are several methodological imperfections. It is exposed to the usual limitations associated with the use of one method, rather than a mixed-method approach. The case studies strategy tends to provide thick descriptions of phenomena under investigations, but often lacks the sufficient and appropriate data to test a proposition.

Second obvious limitation of the study is its geographic delineation. Because Denmark and Germany were chosen as the main empirical base of the investigation, not all results may be transferable to other countries. Despite some general parallels may exist, the best way to find out which findings are country specific is to replicate the study elsewhere. The same limitation

applies to the industrial base of this study. Although the cases were drawn from several industries future research should include studies from other industrial sectors.

It seems that social responsibility and societal factors played a limited role in the offshoring and outsourcing decisions of the Danish and German case companies and also this discussion seems to be limited in public organizations. In general, these factors are likely to enter the offshoring debate and future studies.

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