

Editors' Preface

This book is about offshoring; the geographical relocation of business tasks to foreign locations. The continuous search for efficiency gains and the goal of attaining a sustainable competitive advantage have steadily increased the volume of goods and services procured globally since the 1980s. In this context, the offshoring phenomenon has more recently stimulated much research towards understanding offshoring as a unique form of internationalization by particularly addressing how different environmental, firm strategy, and organizational factors influence which activities are being offshored, the choice of host location, and the mode of governance structure, as well as financial and non-financial performance consequences of this.

With this book, we wish to go beyond the antecedent-structure-outcome logic of offshoring. In particular, we focus on the challenges that firms face when deciding on offshoring activities to foreign locations and the measures that these firms take in dealing with this. To a large extent, offshoring can be regarded as a larger organizational reconfiguration affecting a number of dimensions, such as the contractual ownership and relationship of the offshoring setup, the geography of the host location, the interdependences and coordination mechanisms between the spatially differentiated organizational tasks, and the overall coherence of the globally dispersed organizational system. In this process, firms face a number of both organizational and environmental challenges that can deter and eventually undermine the initial rationales of deciding to engage in offshoring. Accordingly, firms often find that the process of offshoring requires new strategic approaches and business models that can keep unexpected challenges at bay.

The book is divided into six parts that explore different topics of the challenges that firms face when offshoring. The first part concerns offshoring strategy and business models. Firms often experience that the offshoring of activities to foreign locations require new strategies and business models that can accommodate for the challenges of coordinating a globally dispersed organization. The second and third parts investigate the organizational and process dynamics in offshoring knowledge-intensive work and research and development, respectively. In contrast to offshoring more labor-intensive and standardized activities, the offshoring of

knowledge-intensive activities such as research and development challenges firms' ability to successfully reintegrate the offshored activities into the organization. The fourth part deals with risks and influences stemming from the location that firms face in the process of offshoring. Increasing offshoring exposes firms to environmental risks that growingly need to be incorporated in business models. The fifth part takes a broader perspective on offshoring by investigating industry and network perspectives and consequences on offshoring. Finally, the sixth part explores new theoretical approaches in offshoring research by suggesting that extant theories of internationalization may be inadequate to explain the offshoring phenomenon.

The process of preparing this book included a successful workshop at Copenhagen Business School on October 27–28, 2011, where most of the contributors to this book presented their chapters and received feedback and comments on how to further revise their contributions. We would like to thank Hedorfs Foundation for its support of this workshop. Finally, we wish to acknowledge and thank Agnethe Larsen for her considerable editorial and administrative assistance in completing this book.

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The Offshoring Challenge

Strategic Design and Innovation for Tomorrow's
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