

**Research in the Decision Sciences  
for Global Supply Chain Network  
Innovations**

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## Foreword

It is with great pleasure that I write this foreword of a book with papers of the 2014 Annual Conference of the European Decision Sciences Institute (EDSI) held in the beautiful city of Kolding, Denmark, under the aegis of the Department of Entrepreneurship and Relationship Management at University of Southern Denmark. The meeting was organized around the theme "Exploring Innovation in Global Supply Chain Networks." The meeting afforded the attendees an excellent opportunity to interact informally in the social events organized by the program committee and formally in the multifarious paper sessions, research panels, and plenary sessions featuring speakers from Danish industry. The conference dinner was held at the Kolding Castle, an impressive venue with a rich history. All in all, the 2014 EDSI conference was an excellent cultural and academic experience.

The compilation of articles in this volume represents some of the interesting articles that offer new insights and directions for future research. Successful pursuit of innovation by leveraging the unique capabilities and knowledge assets of the supply network is at once important and difficult to achieve. As firms pursue global competitiveness, the ever present and concurrent demands for economies of scale and scope have necessitated a global presence. Consequently, most transnational manufacturing firms have a global footprint. Engaging a global supply network in the innovation process requires that the focal firm pursue network design and network integration with specific strategic imperatives in mind. Recent events as well as the global footprint of supply networks have also underscored the importance of inherent risks of extended supply networks and the need for sustainability of global operations. I am delighted to see a compendium of papers in this volume of the proceedings that address topics in these important areas pertaining to innovation in global supply networks.

The papers in this volume address a diversity of interesting topics. They have been grouped into supply chain strategy, global distribution of production and sourcing, supply chain integration, and sustainability. The papers in the strategy section pertain to a variety of thought-provoking issues. The papers in the global distribution of production and sourcing address issues relating to offshoring and insourcing. The papers identify important antecedents of these two trends currently in place in a variety of industrial contexts. In addition, this section includes a paper on a comprehensive literature review of sourcing innovation, which would be invaluable to researchers. The section on supply chain integration features papers that deal with the offshore wind industry and integrative decision processes for effective integration. The last section features two papers on sustainability and its impact on performance and methodological approaches to evaluation of sustainability effects. These papers collectively reflect the core philosophy of the Institute to promote multidisciplinary research that addresses organizational problems. The papers contribute to the knowledge and serve to expand the domain of research in their areas. I am sure you will find the papers in this volume intellectually stimulating.

—Ram Narasimhan, *University Distinguished Professor and John H. McConnell Professor of Business, Eli Broad Graduate School of Management, Michigan State University, East Lansing, Michigan, President, Decision Sciences Institute (2009-2010)*



## Getting the Most from Offshoring: Home Base Capability Upgrading and Erosion

- 
- Dmitrij Slepnirov (*ds@business.aau.dk*),  
Centre for Industrial Production, Aalborg University
- Brian Vejrum Wæhrens (*bvw@business.aau.dk*),  
Centre for Industrial Production, Aalborg University

### Abstract

Tapping into global resources is supposed to improve performance and contribute to a firm's competitive advantage. However, a high offshoring quota may also lead to erosion of the firm's home base capabilities and have wider negative implications for both the home base site position and the firm as a whole. The purpose of this chapter is to conceptualize this scenario and propose how it can be addressed. On the basis of a series of workshops with Danish companies, we discuss the need for sourcing and assimilating operations inputs at the home base as a means for sustained innovation and network orchestration.

### Introduction

The powerful forces of globalization are pushing offshoring and with it global deployment of work and capabilities into rapid development (Ferdows, 1997; Mudambi, 2008). Offshoring enables firms to capture a share of global market (market seeking), take advantage of cheap factor costs (efficiency seeking), and tap into the technologies or global talent pools (strategic assets and knowledge seeking). The globalization of standardized manufacturing operations gained momentum some decades ago. However, the recent developments in offshoring also include the spread of the phenomenon to new areas based on knowledge-intensive and service activities. As a result of that, not only routine transactional tasks, but also more knowledge-intensive and proprietary tasks, including research and development (R&D) and innovation, are increasingly subject to