

US firms bringing work home from overseas

October 1 2012

(Phys.org)—Increasingly, U.S. firms are moving or considering moving their manufacturing operations back to domestic soil from overseas, finds a new study co-authored by a Michigan State University supply chain expert.

Fueling the trend are rising labor costs in emerging countries, high [oil prices](#) and increasing [transportation costs](#), global risks such as political instability and other factors, said Tobias Schoenherr.

"Going overseas is not the panacea that it was thought of just a decade or so ago," said Schoenherr, assistant professor in MSU's top-ranked Department of [Supply Chain Management](#). "Companies have realized the challenges and thus are moving back to the United States."

The study found that 40 percent of manufacturing firms believe there is an increased movement of "reshoring" – or moving [manufacturing plants](#) back to the United States from countries such as China and India. The results differed by industry, but were led by aerospace and defense; industrial parts and equipment; electronics; and medical and surgical supplies.

"We were surprised by the large percentage of firms indicating that they are considering reshoring," Schoenherr said.

In addition, nearly 38 percent of companies indicated that their direct competitors have reshored.

In addition to rising costs and global risks, Schoenherr said companies are concerned with the erosion of intellectual property overseas and [product quality](#) problems, which can be difficult to fix when dealing with multiple [time zones](#) and language and cultural barriers.

"From my communication with some firms, I also sense a genuine desire to help the U.S. economy and to bring back jobs," Schoenherr said.

The study, sponsored by the Council of Supply Chain Management Professionals, is based on a survey of 319 firms.

Schoenherr's co-authors were Wendy Tate and Kenneth Petersen of the University of Tennessee and Lisa Ellram of Miami University (Ohio).

Provided by Michigan State University

Citation: US firms bringing work home from overseas (2012, October 1) retrieved 20 March 2024 from <https://phys.org/news/2012-10-firms-home-overseas.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--