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Young Swedish adults' attitudes towards offshoring

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ABSTRACT

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Offshoring, meaning the movement of business operations to foreign countries, has recently grown. It provides the company with opportunities which are not available domestically, but it also bears risks. The public has recently blamed the strategy of offshoring for weak growth of domestic economy, decreasing competitiveness, salary stagnation, job losses, lower worker morale, and poverty. As a consequence, a firm carrying out offshoring activities could suffer from consumers' negative attitudes towards offshoring, as the consumers are unwilling to buy their products/services or take actions against the company.

This study addresses the Swedish young adults' attitudes towards offshoring. Young adults are playing an important role in economy as consumers, future workers, innovators, leaders and decision makers. The study investigates the factors that were underlying the formation of attitudes towards offshoring. We focused especially on three factors, namely consumer ethnocentrism, economic threat and quality beliefs.

In order to address these issues, a quantitative research approach was applied and primary data were collected. The variables for the online survey were mainly distilled from Durvasula and Lysonski (2009) as well Grappi, Romani and Bagozzi (2013).

The gathered data have been analyzed via the software of SPSS by performing correlation tests and analyzing descriptive statistic measures. The results indicated that Swedish young adults had neutral attitudes towards offshoring. We also found that two of the studied factors, consumer ethnocentrism and economic threat, were vital in the formation of the attitudes towards offshoring.

Key words

Offshoring, offshore outsourcing, attitudes towards offshoring, Swedish young adults, factors affecting offshoring, offshoring attitudes formation

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1. Introduction

This introductory chapter makes the reader aware of the phenomenon and business strategy of offshoring and its recent growth. The chapter highlights the strategic decision making of moving offshore and its concerns, as well the role of consumers' attitudes towards offshoring.

1.1. Background

Over the last decade offshoring attracted considerable attention from researchers, academics and managers in the fields of international business and management (Benito et al., 2013). Media and policymakers are aware of its importance and impacts (Rasheed & Gilley, 2005). Offshoring has shown rapid growth thanks to trade liberalization and technological process and affects both, the manufacturing and service sector. Companies appreciate improving their performance and potential that globalization makes possible. This was leading to many concerns and debates, especially in developed countries (Bertrand, 2011; Farrell, 2004).

There are several terms explaining and defining 'offshore outsourcing' or rather 'offshoring'. Some authors even use 'outsourcing' interchangeably with 'offshoring' (Robertson, Lamin & Livanis, 2010). In this study offshoring refers to the subcontracting of specified value chain activities to one or more suppliers that are located in a foreign geographical market. The sourcing of subcontracted inputs can be from either an affiliated (intra-firm trade) or an unaffiliated (foreign) supplier (Fariñas, López & Martín-Marcos, 2014; Benito et al., 2013).

The main research stream on offshoring focusses on how it is affecting labor demand and skill intensity. Another common field of investigation is the impact of offshoring on firm performance considering the underlying production function (Fariñas, López & Martín-Marcos, 2014). It is significant that recent attention has been drawn on service offshoring based on the considerable size of the service sector in today's economies (Thelen & Shapiro, 2012). It is important to note that particular focus lies on offshoring activities of large multinational enterprises, but nowadays even small and medium-sized enterprises play important roles in international business (Gregorio, Musteen & Thomas, 2009).

The main strategic offshoring motivations can be explained by the potential increase in efficiency and cost reduction. Also access to knowledge and talented people as well the exploration or rather development of foreign markets are reasons to offshore (Dunning, 1993). Cost reduction has always been considered as the central reason and driver of offshoring. Nevertheless, great importance has been placed on the other mentioned motivators in recent time (Bierly, Damanpour & Santoro, 2009). By tradition, the offshoring decision has been evaluated from the firm's perspective. This approach considers especially financial aspects from the standpoint of the shareholders. Consequently, the point of view of the stakeholders is often disregarded and the move towards an offshoring strategy is done too rapidly. Stakeholders probably dislike offshoring activities as they have concerns about the conception, consequences and other issues (Boedeker, 2007).

Consumers are making a contribution to the marketplace by demanding and paying goods and services. Therefore they are crucial for a company's sale and performance (Zutshi et al., 2012; Grappi, Romani & Bagozzi, 2013). The public has recently blamed offshoring for weak growth of domestic economies, decreasing competitiveness, salary stagnation, job losses, lower worker morale, and poverty. Numerous studies deal especially with the issue of job losses due to offshoring (Grappi, Romani & Bagozzi, 2013; Mandel, 2007; Bertrand, 2011). The Hackett Group, a business advisory and consulting firm, published a research forecast about offshoring in the year of 2010. They were analyzing a sample of 4,700 companies and suggest that the United States of America (USA) and Europe are facing a movement of 2.3 million jobs in IT, finance, Human Resources, procurement, and other business services to low-cost countries like India by 2016 (The Hackett Group, 2012). The changes in product quality and data security related to service offshoring are additional issues causing consumer concerns (Grappi, Romani & Bagozzi, 2013; Mandel, 2007; Bertrand, 2011). Research has shown that offshoring also evokes ethical and moral reactions in public and in turn influences economic interests (Schröder, 2012).

On the other hand, some scholars argue that offshoring is not an economic threat. Farrell (2005) argued that offshoring creates value through economic change and is therefore an opportunity for a nation's business and their consumers. They will benefit from lower prices as global production lead to lower costs for corporations. However, the attitude of the people towards offshoring has different implications. Especially negative consumer responses and attitudes towards offshoring activities have to be considered.

This thesis addressed the attitudes towards offshoring of young adults in Sweden. There were several motives to study this specific group of consumers. "Young adults are one major segment that is likely to be significantly affected by offshoring" (Durvasula & Lysonski 2008, p. 11). They "represent the future of our society as they are the future consumers, future workers, and future innovators" (Sharma & Rani 2014, p. 371). Strizhakova, Coulter and Price (2008) point out that those young adults are the potential wealthy consumers and costumers over time and are therefore an important market segment that should be studied. Hume (2010) also highlights the important role of young consumers as they will be leaders and decision makers of tomorrow. Young adults are growing up in a globalized world. Globalization and its facets like offshoring do have economic and social implications (United Nations, 2004). Shukla (2011) argued that there should be more research addressing the group of young adults. The reason therefore is that young adults tend to accept global trends faster than the 'older' generation. They have lower barriers to international trade and therefore it seems most likely to be the group that has to be analyzed (Jin et al., 2015).

Sweden is ranked on the top considering the economy (World Bank Group, 2015; The Economist, 2014). This fact is emphasized by different studies, like the Escape Index of the business advisory and consulting firm PriceWaterhouseCoopers (PWC, 2014). Sweden is also particularly associated with innovative capacity (WIPO, 2014). However, Swedish companies are actively offshoring different activities of their businesses. Offshoring is part of a company's competitive strategy as it provides the opportunity to improve the firm's performance (Farrell, 2004). Companies nowadays also converge from the opinion that innovation must be domestically and internally driven (Bertrand & Mol, 2013). Andersson and Karpaty (2007) argue that the

internationalization of the production of goods and services through offshoring in Sweden has increased and is therefore a key feature of the Swedish economy.

Sweden is one of the most successful economies in Europe (OECD, 2015; The Economist, 2014). However, offshoring has reduced the number of job vacancies in Sweden (National Accounts Department of Statistics Sweden, 2014). The reduction of job vacancies is especially related to companies which offshore their entire core activities to foreign countries. The National Accounts Department of Statistics Sweden (2014) published a study in 2014 which has shown that 6,200 jobs disappeared in the period of 2009 to 2011. Especially groups like young adults are remarkably hit by the increase of the unemployment level in Sweden (Kolodziejcki, 2013). As mentioned, the issue of job loss is just one of several factors underlying young adults' attitudes formation towards offshoring. It is also a fact that the share of young population in Sweden is higher compared to other countries and the European Union average (Kolodziejcki, 2013). Therefore, it is a matter of interest to investigate the attitudes of Swedish young adults towards offshoring.

To date, studies and research about rationale for offshoring and their impacts focused generally on the cost saving aspects for the firm. Indirect costs like the consumers' reactions or rather attitudes have not been studied in-depth (Grappi, Romani & Bagozzi, 2013). As consumer acceptance is determining the performance of a firm, academics have increased the attention in recent years (Thelen et al., 2011).

Durvasula and Lysonski (2009) studied United States (U.S.) consumers' attitudes towards offshoring affected by psychological tendencies such as consumer ethnocentrism, cultural openness, and animosity. Young consumers' concerns regarding probable threats about themselves or the domestic economy have also been part of their study. Grappi, Romani & Bagozzi (2013) conducted research concerning company offshoring strategies and consumers' reactions towards the company as well word-of-mouth communication. Funk et al. (2010) evaluated the impact of consumer animosity on their willingness to buy when parts of the product's production have been offshored. Robertson, Lamin & Livanis (2010) investigated embedded issues like product and service quality, as well information security and their ability to influence evaluations of offshoring through stakeholders. A few studies gathered evidence that especially service offshoring has a negative impact on quality, which in turn can lead to decreasing and negative consumer reactions, satisfaction and attitudes (Thelen & Shapiro, 2012; Edwards, 2004; Roggeveen, Bharadwaj & Hoyer, 2007).

1.2. Problem discussion

When it comes to discussing the subject of offshoring, consumers almost always have some type of concerns. These concerns are regarding the fact that the decision to offshore may affect the product safety, the quality of the service and data security (Robertson, Lamin & Livanis, 2010). People also worry about the reduction of job vacancies and job losses caused by offshoring.

This has caused a lot of discussion in media and has angered the trade unions as well prompted major governmental debates in developed countries (Durvasula & Lysonski, 2008). Firms should pay a lot of attention and focus on the consumers' negative attitudes, whether they are right in these negative attitudes or not. Taking this into

consideration is essential to them as consumers are crucial to the firm's success (Grappi, Romani & Bagozzi, 2013). The reason is due to the potential of the unwillingness to buy products from companies that offshore (Grappi, Romani & Bagozzi, 2013) or even worse to protests against a company (Thelen, Yoo & Magnini, 2011). Therefore, managers have to take the consumers opinion into account.

Some recurring factors that raise concerns and are underlying the consumers' attitudes formation towards offshoring include consumer ethnocentrism, perceived job loss, economic threat, consumer animosity, government protection, data security, linguistic differences, foreign worker, customer satisfaction, perceived value, cultural openness, patriotism and quality of offshoring (Funk et al., 2010; Thelen, Yoo & Magnini, 2010; Durvasula & Lysonski, 2008).

There has not been any study addressing the consumers' attitudes towards offshoring in Sweden. However, it is central to know if consumers, in our case Swedish young adults, share negative attitudes towards offshoring like former studies in other countries have shown or not. It is also from interest to know which factors do underlie the attitudes formation towards offshoring.

1.3. Research questions

Based on the problem discussion which sets the direction for the entire research process, we formulated two research questions in order to deal with the research problem. Research questions are crucial because they guide the literature research, research design, data collection, analysis and also help to write up and stop the author from going in the wrong directions (Bryman & Bell, 2011).

As it is a matter of consequences to know the Swedish young adults' attitudes, we have formulated the following research question:

What are the attitudes of Swedish young adults towards offshoring?

This thesis also addresses the different factors underlying the attitudes formation towards offshoring which are connected with each other. Therefore, we formulated a second research question as following:

Which factors do underlie the Swedish young adults' attitudes formation towards offshoring?

Addressing these research questions, we made sure that they are neither too sensitive formulated, nor too widely defined. It was also important that the research questions could be answered with appropriate measurement (Wilson, 2014).

1.4. Purpose

As indicated, the consumers' attitudes towards offshoring have an impact on the firm itself, the willingness to buy its products/services or even taking actions against the company. Different levels of populations have different concerns and are affected by different variables (Thelen & Shapiro, 2012).

The purpose of this study is to investigate the attitudes of Swedish young adults towards offshoring and identify the main variables which do underlie these attitudes formation. Especially in Sweden there has been sparse research done in this field, which could have been considered as a challenge. There were no large-scale studies we could refer to. On account of this, it awoke even more interest and sense to work in the field of study.

The study contributes in theory and practice. The identification of the main variables contributing to the attitudes formation, the development of the analysis model and the implementation of it will fill the lack of research in the subject area of consumer attitudes towards offshoring in Sweden. By fulfilling the purpose the findings also contribute in practice and are of interest to the business community. This is done by showing whether the attitudes of young adults in Sweden towards offshoring are rather negative or not. The identification of the factors that do underlie the attitudes formation towards offshoring also provides practical implications. These findings set the direction for managerial implications as young adults' attitudes are crucial to the company's success.

1.5. Delimitations

Delimitations are important to show the reader which fields, problems, questions etc. were willingly not touched before conducting the research. This might be due to lack of resources. Therefore, some delimitations have to be considered. The research focuses on young adults with university level education. Specifically this study is delimited on the students of University West in Trollhättan.

Since this thesis is aligned to Swedish young adults' attitudes towards offshoring, we concentrated on Swedish nationals. Different levels of culture are not considered. Instead we delimited this study on national culture.

Furthermore, we did not discuss if the young adults are right in their opinion. We also did not investigate their actions which are connected to their attitudes.

2. Literature review

A literature review is the process of reviewing the literature of the chosen subject area, meaning what researchers have written and analyzed so far. First of all, we had to judge which literature was relevant for our subject and which topics should be included or excluded (Bryman & Bell, 2011).

Regarding this thesis, it can be said that the chosen field of investigation was very specific and the boundaries were clearly defined. This helped us to build a valuable basis to justify our research questions, research design, data collection and the analysis (Bryman & Bell, 2011).

There are two approaches of reviewing the literature – a systematic and a narrative review. Petticrew and Roberts (2006, p. 2) describe systematic reviews as “a method of making sense of large bodies of information, and a means to contributing to the answers to questions about what works and what does not – and many other types of questions too”. The approach of narrative review, which was applied in this thesis, attempts to generate understanding. It has a wide-ranging scope and therefore puts a less narrow focus on certain issues (Bryman & Bell, 2011).

The starting position of reviewing the literature was structured on a general level which was narrowed down to specific and relevant questions and objectives (Saunders, Lewis & Thornhill, 2009). Therefore, this chapter is structured as following: Firstly, we show how literature was collected as the review process has to be transparent (Tranfield, Denyer & Smart, 2003). Secondly, we introduce the topic of offshoring in general. Hereby, we define offshoring and distinguish it from outsourcing. We refer to the tasks which are subject of offshoring and provide an overview of drivers, opportunities and risks for the offshoring company. Thirdly, we discuss the main and most important part of the literature review – the role of consumers and their attitudes towards offshoring. Critically reviewing this part by showing findings, contradictions, comparisons etc. offered valuable clues for setting up the analytical framework and analysis model in order to answer the research questions addressed in this study (Saunders, Lewis & Thornhill, 2009).

2.1. Collection of literature

There is a need of showing how the authors were searching and selecting literature. Therefore we made the reviewing process transparent in order to increase the understanding of the reader, for example which literature was included or excluded. It also builds the basis for the possibility of reproducing the study and supports future research. This was done by outlining the key words and databases used for identifying relevant articles, reports, journals, and books (Tranfield, Denyer & Smart, 2003).

We made use of different instruments in order to identify relevant literature addressing the same or similar subject area. Therefore, we utilized search machines and databases for the collection of appropriate literature and reviewing previous studies. The university’s search engine ‘Primo’ was the primary aid to get access to academic books and full text articles in electronic format. These were provided by different online databases like EBSCO or ScienceDirect. Databases work with suitable key words which help to find qualitative references and are basic terms to describe research questions and objectives (Bryman & Bell, 2011; Saunders, Lewis & Thornhill, 2009).

The keywords and search parameters used in the research process were mainly ‘Offshoring’, ‘Offshore Outsourcing’ ‘Business Process Offshoring’, ‘Offshoring Strategies’, ‘Offshoring Effects’, ‘Offshoring Consumer Response’, ‘Offshoring Consumer Attitude’, ‘Offshoring Consumer Perception’ ‘Offshoring Impact on Consumer’ and ‘Offshoring Consumer Reaction’, ‘Factors affecting offshoring’.

We also took advantage of online web pages as a literature collection source, including online dictionaries, official pages like Statistics Sweden, and advisory firms like McKinsey or the Hacket Group. They were used to define terms, integrate current information, and to find statistics to highlight the importance and recentness of our field of investigation. Google Scholar delivered insight into the field of study, showing which articles were cited most and were therefore recommendable. We also reviewed the lists of references provided by different authors in their articles to identify relevant literature for our study.

2.2. The strategy of offshoring

It is fundamental to start the general chapter with a detailed definition of offshoring. The readers need to be aware of what is actually meant with offshoring by the authors of this thesis. Without doubt, also the young adults which were part of the online survey had to be provided with an explicit definition in order to complete it reasonably.

2.2.1 Definition of offshoring and the offshored tasks

Defining the phenomenon of offshoring was a difficult task, as different scholars and academics have completely different perceptions and ideas of what the term offshoring means and includes. Offshoring and outsourcing are frequently mentioned together or even used interchangeably. However, the concepts of offshoring and outsourcing remain quite distinct. The offshoring/outsourcing framework illustrated in figure 1 indicates that there are four possible decision combinations (Robertson, Lamin & Livanis, 2010).

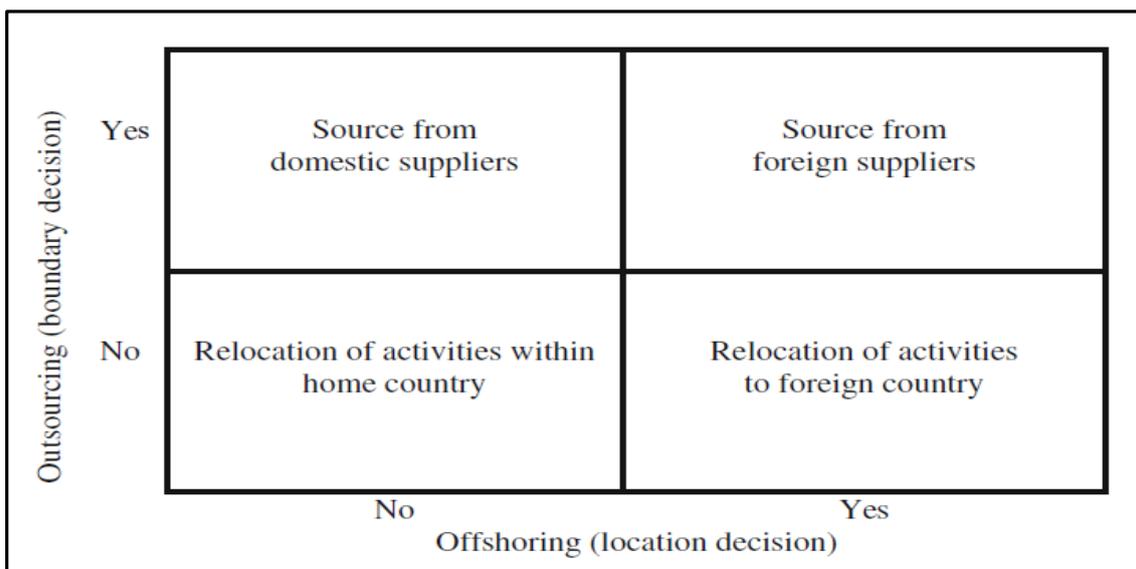


Figure 1: Offshoring and outsourcing framework (Robertson, Lamin & Livanis 2010, p. 169)

Generally speaking, *outsourcing* includes a ‘make or buy’ decision. This means either performing internally versus purchasing or rather sourcing from an outside supplier in the marketplace (Ellram, Tate & Billington, 2007). Contractor et al. (2010) argue that

outsourcing can be in the home nation of the firm and also abroad. So they give a contradicting opinion to the framework of Robertson, Lamin & Livanis (2010) as they only differentiate between outsourcing and offshoring.

Offshoring in contrast implicates a location decision and implies moving domestically performed economic activities to a foreign country but keeping it internally without involving an outside supplier (Robertson, Lamin & Livanis, 2010). Feenstra (2010) for example argues that offshoring includes the sourcing of inputs through subcontracting of affiliated, but also unaffiliated suppliers from a foreign country. The latter case (the sourcing of inputs of unaffiliated suppliers from a foreign country) would be categorized as offshore outsourcing according to the framework of Robertson, Lamin and Livanis (2010) which leads to the definition of offshore outsourcing.

When combined together, “*offshore outsourcing* means the procurement of products or services from an outside supplier located in a foreign country” (Robertson, Lamin & Livanis 2010, p. 169). In other words, offshore outsourcing addresses the issue of companies that assign certain value chain activities to one or more foreign suppliers (Benito et al., 2013). This combination offers many opportunities which would not be available in the domestic area but includes also undetected risks (Ellram, Tate & Billington, 2007).

Concluding the discussion about the offshoring definition we conform to the central elements of moving to a foreign location and sourcing products/services from both, intra-firm and foreign suppliers. Therefore, the term ‘offshoring’ in this thesis addressed and included both, ‘offshoring’ and ‘offshore outsourcing’ according to the framework of Robertson, Lamin and Livanis (2010).

After defining the central term in this thesis, it makes sense to illustrate concisely which value chain activities are subject of offshoring. “The relentless forces of competition and globalization are forcing firms to disaggregate themselves and reach for foreign inputs, markets, and partners. By disaggregating their value chain into discrete pieces – some to be performed in-house, others to be outsourced to external vendors” (Contractor et al. 2010, p. 1417).

Offshoring advanced tasks without evaluating the processes which can be offshored is one of the most fundamental mistakes in offshoring from the company’s and management perspective. Therefore, Aron and Singh (2005) pointed out that it is a complicated task for executives to make the distinction between core processes that they have to keep under control, critical processes that a company could buy from vendors, and commodity processes that can be offshored or outsourced.

The value chain introduced by Porter (1985) is a tool for identifying primary and supporting activities that create value and regulate the allocation of resources to core or non-core activities. So it is a suitable template for the decision of offshoring a process or activity.

Hutschenreuter, Lewin and Dresel (2011) claimed that offshoring of white-collar work is widely-spread these days and all industrialized countries make use of it. There has been a shift in activities moving across national and firm boundaries.

More and more advanced tasks and value-added activities are getting offshored nowadays as shown in table 1.

Activities included in the survey	Less advanced tasks (examples)	← →	More advanced tasks (examples)
Manufacturing	Volume production		Prototype or niche production
IT operations	Service operations		Systems integration and troubleshooting
IT programming	Testing; simple coding		Architecture and design of programs
IT development	Prototypes		Functional and non-functional needs; (e.g. user interface) ensure consistency with IT strategy
Customer service	Call centre		Contact centre (1st contact resolution)
Finance & accounting	Bookkeeping		Financial management
Payroll & HRM	Payroll		Recruitment; training
Logistics & procurement	Purchasing		Supply chain management
Sales & marketing	Canvas and telesales		Advertisement
Knowledge management	Business intelligence		Content design, production and management
	Management information		
Research	Patenting		Basic research; new inventions
Product development	Testing		User needs assessment

Table 1: From less to more advanced offshored tasks (Jensen & Pedersen 2012, p. 314)

Table 1 shows different offshoring activities and its appendant tasks which changed from less advanced to more advanced tasks over time. Not only did the offshored tasks change over time, also the motivations for a company to do so (Maskell et al., 2007). The next section presents the motivations to offshore and discusses the connected opportunities and risks.

2.2.2 Drivers, opportunities and risks for a company to offshore activities

As mentioned, offshoring provides opportunities to companies, and the decision to offshore is driven by different factors. Those opportunities and drivers often disregard the consumers' perspective, their attitudes and other risks. Therefore, this subchapter gives a brief overview of drivers, opportunities and risks for the company that undertakes offshoring before leading over to the role of the consumers in this concept. This is to make the reader aware why firms probably do not consider the consumers' attitudes towards offshoring in the first instance.

Reviewing the literature, a couple of drivers of offshoring were identified. Jensen and Pedersen (2012, p. 314) were able to put them together by providing following statement:

This surge in offshoring is the outcome of a range of co-evolutionary driving forces, notably the liberalization of trade, economic reforms in major emerging markets, improved intellectual property rights regulation, the gradual maturation of the supplier base in these markets, and not least the emergence of new and powerful information and communication technologies.

The economic change and its drivers created opportunities for companies to benefit of high-skilled workers of emerging markets to low costs (Farrell, 2005). Offshoring

provides an advanced set of opportunities which are not available domestically and has therefore strategic implications. It enables the company to use the potential of probable reductions in price and provides an increase in flexibility, as fixed costs can be turned into variable expenses (Ellram, Tate & Billington, 2007). Offshoring allows taking advantage of foreign labour which puts an organization into a position of using the flexibility to experiment and increase the chance to respond to changing market conditions (Farrell, 2005). Another impact of offshoring is the development of new capabilities, access to knowledge (Doh, 2005) and the concentration on the activities contributing to their competitive advantage, as non-core processes can be offshored (Gregorio, Musteen & Thomas, 2009). Offshoring is considered as a strategy for seeking efficiency and resources. Offshoring is also used in the field of human resources (Kotabe, Mol & Murray, 2009) as a global talent search instrument (Jensen & Pedersen, 2012).

Lewin and Peeters (2006) studied the findings of the Offshoring Research Network (ORN) and described the balance between risk and benefits. Table 2 illustrates the strategic drivers which were part of the survey.

Strategic Drivers	% of respondents citing driver as important
Taking out cost	93%
Competitive pressure	69%
Improving service levels	56%
Accessing qualified personnel	55%
Changing rules of the game	41%
Industry practice	37%
Business process redesign	35%
Access to new markets	33%
Enhancing system redundancy	27%

% of respondents who answered 4 or 5, on 5 points Likert scale, to proposed strategic drivers of offshoring.

Table 2: Strategic drivers addressed in the ORN survey (Lewin & Peeters 2006, p. 226)

Interestingly, 93% of the companies that took part in the ORN survey selected ‘taking out cost’ as number one of the strategic driver, followed by the need to respond to competitive pressure (Lewin & Peeters, 2006).

There are two main ways to evaluate internationalization activities like offshoring and its success. The basic method is to rely on financial indicators like return on assets (Chan, 1995). Secondly, a company could do the evaluation based on non-financial indicators like the failure rate of a foreign entity (Jiatao & Guisinger, 1991). The management in charge might be interested if the offshoring activity has achieved its targets and how long did it take to do so (Lewin & Peeters, 2006). However, “offshore outsourcing creates both new opportunities and often unrecognized hazards, which may limit a firm’s prospects” (Ellram, Tate & Billington 2007, p. 2).

As mentioned before, organizations make mistakes in the evaluation which business processes can be offshored. A second risk is that the management of a company use cost/benefit analysis in the decision to offshore activities. Nonetheless, they are not aware of the consequences and risks that occur when they transfer processes and their

vendors and providers gain the upper hand. There are two different kinds of risk for companies: operational and structural risk. Operational risk refers to the fact that offshore processes are not running smoothly, while structural risk addresses the relationship to the provider which may not be as satisfying as expected (Aron & Singh, 2005).

Table 3 presents the perceived risks for companies associated with offshoring identified through the study of the ORN, as counterpart to the table summarising strategic drivers.

Risks Perceived	% of respondents citing risk as important
Poor service quality	61%
Lack of cultural fit	54%
Loss of control	51%
Lack of client acceptance	49%
Lack of data security	46%
Weakening employee morale	45%
Employee turnover in offshore service center	44%
Operational inefficiency	41%
Infrastructure instability in host country	40%
Intellectual property loss	39%
Political instability in host country	39%
Political backlash	35%
Disaster recovery	26%

% of respondents who answered 4 or 5, on 5 points Likert scale, to proposed risks of offshoring.

Table 3: Perceived risks of offshoring (Lewin & Peeters 2006, p. 227)

As we can see, quality issues are the most cited risk followed by lack of cultural fit and the loss of control (Lewin & Peeters, 2006). There is no risk directly related to consumers and the potential of negative attitudes towards offshoring. Grappi, Romani and Bagozzi (2013, p. 698) give advice that more attention should be paid to consumers in the offshoring decision. They made the following statement:

“Entrepreneurs and managers should not only be aware of offshoring opportunities, as a means for enhancing their overall competitiveness, but also be mindful of offshoring threats and opportunities related to consumer concerns and consequent negative and positive reactions [...]. We acknowledge that the real cost and competitive pressures some firms face, as well as the unavailability of skilled employees in many localities, are important and often unavoidable motivations to conduct offshore activities. But we think it is important also that companies consider tradeoffs and challenges that their decisions can bring in terms of consumer reactions.”

2.3. Previous research on consumers' attitudes towards offshoring

The multitude literature in the subject area of offshoring addressed benefits from the perspective of the company. The role the consumers are playing in the offshoring decision is becoming more and more important (Thelen & Shapiro, 2012; Whitaker, Krishnan & Fornell, 2008) as the performance of a company depends on the consumers' acceptance (Thelen et al., 2011; Grappi, Romani & Bagozzi, 2013). The following subchapter critically reviews previous research on consumers' attitudes towards offshoring. This critical review was building the basis for our research and the formation of the analysis model by identifying the main variables regarding the attitudes towards offshoring. Our study and empirical data collection then focused on the more specific group of Swedish young adults.

In the course of the literature review about consumers' attitudes towards offshoring, not a lot of arguments could be identified leading a consumer to look upon offshoring favorably. However, some scholars argued that offshoring is an opportunity for domestic businesses to lower costs that will be passed off to the consumers in form of decreased prices (Farrell, 2005). It is to say that the dynamic effects of offshoring like lower consumer prices are largely unknown (Olsen, 2006). Related to the cost structure and low wages abroad, companies are in condition to afford round-the-clock support in the service area which is an advantage for consumers (Siems & Rather, 2003). Proponents claim that offshoring benefits both, developed and developing countries and therefore also consumers. Sturgeon (2004, no pagination) made the following statement regarding the technology industry: "Technology companies in Europe and the US claim the offshoring 'kick-back' is the creation of new jobs in their domestic market which are "higher up the economic value scale" than those jobs which they have sent to countries such as India." Levy (2005) in contrast argued that there are no mutual benefits from offshoring as only shareholders create wealth and not countries, their employees or rather consumers.

Offshoring is blamed by the public for its negative consequences and the countless debates in media lead to the assumption that consumers' attitudes towards offshoring are predominantly depreciative. The superior number of literature and studies about the relationship of consumers and their potential negative attitudes towards offshoring addressed service offshoring (Thelen & Shapiro, 2012).

Thelen et al. (2008) argued that there are six main concerns of U.S. consumers regarding service offshoring: a) animosity towards offshoring firms b) security and privacy concerns as private information will be moving and stored abroad c) bias towards domestic workers of the service provider due to the perceived superiority performance d) communication issues with overseas service providers e) animosity towards offshoring due to domestic job losses f) laws that should allow or restrict the offshoring of services. "Moral issues related to service quality and data security, together with issues related to job losses, appear to be key dimensions in consumers' evaluations" (Grappi, Romani & Bagozzi 2013, p. 684).

From a moral and ethical perspective, the authors Robertson, Lamin and Livanis (2010) analyzed the influence of stakeholder roles on offshoring and outsourcing. They concluded that depending on the role of the individual, the appropriateness of an offshoring decision will be evaluated differently. Therefore they considered the outsourcing/offshoring decision from the viewpoint of two external stakeholders,

investors and consumers. Their results showed that consumers prefer the decision of outsourcing compared to offshoring. They claimed that U.S. consumers are more concerned about product/service quality issues and information security rather than the threat of job loss (Robertson, Lamin & Livanis, 2010).

Studies have shown that consumers are less enthusiastic about the fact that services are offshored. In turn, the relationship between consumers and the company will change. Especially less educated, less wealthy and older people are concerned about service offshoring and take negative word of mouth or even boycotting a company into consideration (Thelen & Shapiro, 2012). Consumers use boycotts as a powerful instrument to persuade a company not to relocate parts of the production or an entire plant, even if they do not benefit economically from it (Hoffmann, 2013). These studies were not primarily relevant for building a framework and analysis model applied in this thesis. The reason therefore is that we investigated attitudes towards offshoring and their formation and not the actions of the consumers, such as boycott or unwillingness to buy. However, it shows that consumers are in position of influencing a company's offshoring decision by affecting the company's reputation, sales, income, stock price etc. and by boycotting to purchase the company's product if they have a negative attitude about it (Pruitt, Wei & White 1988). According to the widely cited definition by Friedman (1985, p. 97), a consumer boycott is "an attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from making selected purchases in the marketplace". This constellation is interesting as boycotting consumers think more altruistic rather than selfish, as they would benefit from reduced prices if a company offshore its production abroad in order to decrease production costs and pay lower wages (Hoffmann, 2013; Mitra & Ranjan, 2010). As discussed before, there is no concrete evidence that there are consumer benefits in a form of decreased prices (Olsen, 2006).

On the other hand, animosity exists also towards product offshoring. Funk et al. (2010) argued that offshoring leads to the proliferation of "hybrid products", meaning that part of the local product's production had shifted to another country. A part of their study has shown that consumers were less likely to buy a product when parts of the production have been offshored. In their case they tested the animosity model regarding the countries of Canada, India and Iran. They found evidence that offshoring and shifting production to a foreign country has a negatively effect on the buying willingness of U.S. consumers caused by factors like consumer ethnocentrism and perceived product quality (Funk et al., 2010). So it can be said that not only service offshoring is considered as negative.

The motivation of the authors Durvasula and Lysonski (2009) doing research and publishing an article was based on the same thought and finding that came to our mind reviewing the literature – namely that there has not been any extant study reporting the mindset and attitudes of consumers towards offshoring. The objectives of their study conducted in the year of 2009 were manifold and they considered different variables. First, they investigated if psychological tendencies of consumers play a significant role in influencing consumers' offshoring attitudes. Second, Durvasula and Lysonski (2009) examined if consumers offshoring attitudes are affected by threats posed to them personally or the domestic economy. Furthermore, they analyzed how quality beliefs and the impact of job loss caused by offshoring affects their attitudes. The sample used in their study consisted of consumers of the U.S. Midwest with higher education. This

segment is affected by offshoring and knows about the consequences and globalization in general. Whose major results concluded that subjects are less consumer ethnocentric and do not feel threatened from foreign competition. It can be argued that they had comparatively favorable attitudes towards companies' offshoring activities but still were affected by these two variables. The segments of consumers showing less favorable attitudes towards offshoring were possessing high levels of ethnocentrism and economic threat. Economic threat perception was increasing if there had been a job loss among the circle of acquaintances. Regarding the belief of quality, consumers had a positive opinion and did not believe in quality loss of service offshoring (Durvasula & Lysonski, 2009).

Grappi, Romani and Bagozzi (2013) analyzed the effects of offshoring strategies on consumers' responses in Italy. It is one of the very few studies which were conducted in Europe in this subject area. To be specific, they tested the offshoring decision on the variables of consumer attitudes towards the company and word-of-mouth communication. Based on previous research (Durvasula & Lysonski, 2009 or Thelen et al., 2011), the authors identified and determined variables like consumer ethnocentrism, animosity, altruistic value orientation, consumers level of expertise regarding offshoring, job loss etc. Their findings clearly indicated that moral emotions have an impact on the consumers' attitudes towards offshoring. This drives reactions towards companies and word-of-mouth communication. They argued that a company's decision not to undertake offshoring leads to positive consumer judgments about them (Grappi, Romani & Bagozzi, 2013).

Concluding this subchapter, we state that there are different studies, literature streams and research directions addressing the issue of consumers' attitudes and consumers' actions towards offshoring. Some studies were more focused on moral and ethical aspects of offshoring; other authors paid attention to actions like the consumers decision to boycott or not to purchase from a company doing offshoring. Reviewing the literature it became evident that the majority of consumers are concerned about offshoring. Different levels of population were affected by different variables and factors. However, psychographic variables were better qualified to explain behavioral changes compared to demographic variables (Thelen & Shapiro, 2012).

The literature review and especially the paper of Durvasula and Lysonski (2009) as well the study of Grappi, Romani and Bagozzi (2013) helped us to identify the key variables affecting the consumers' attitudes towards offshoring. These variables were applied in this research for the group of Swedish young adults. These two articles were the most relevant sources contributing to our thesis by providing theoretical background and variables for developing our analysis model in order to answer our research questions.

The identified variables which were considered in our analysis model are consumer ethnocentrism (CET), quality beliefs (QB), and economic threat (ET) including the sub-variable of job loss. Those are discussed in the next paragraphs and the motivation for their selection is given in the subchapter of the analysis model.

2.3.1 Consumer ethnocentrism

Crawford and Lamb (1982) were among the first researchers investigating the emotional aspects which are affecting consumers in the case of buying foreign-made goods, especially those that threaten the domestic industry of the consumer's country. Based on

their study, consumer ethnocentrism developed to be the key variable to explain why consumers reject foreign products (Durvasula & Lysonski, 2008).

The concept of consumer ethnocentrism is defined as “the belief among consumers that it is inappropriate, or even immoral, to purchase foreign products because to do so is damaging to the domestic economy, costs domestic jobs and is unpatriotic” (Shimp & Sharma 1987, p. 281). These beliefs come from the consumer’s loyalty and love for their countries and affect their willingness to buy foreign made products (Tsai, Song & Lee, 2013).

Consumer ethnocentrism is sometimes even promoted by the governments in order to increase the spending on domestic products. This can be seen a lot in some countries such as USA. After September 11, patriotism became an important matter and was even reinforced by companies such as General Motors with their campaign to convince Americans it was their duty to contribute to their domestic economy (Tsai, Song & Lee, 2013).

In *Evaluation of international brand alliances: Brand order and consumer ethnocentrism*, Li and He (2013) argued that there are many studies supporting the fact that there is indeed a negative relationship between the concept of consumer ethnocentrism and the consumer’s willingness to purchase foreign made products. Nijssen and Douglas (2004) revealed in their findings that consumer ethnocentrism affects the consumers’ willingness to buy foreign products. He and Wang (2015) discovered that consumer ethnocentrism has negative influence on consumers’ preferences for import brands. Tsai, Yoo & Lee (2013) on the other hand, revealed interesting findings in their research. They found that consumer ethnocentrism was an important factor in affecting the preferences for domestic products. They also noted that this was only in countries such as USA and South Korea but not China. They attributed this difference to the role of economic development of the consumer’s country.

Another study about consumer ethnocentrism and country of origin effect found that Moroccans actually prefer foreign products rather than domestic made products (Hamelin, Ellouzi & Canterbury, 2011). Balabanis and Diamantopoulos (2004, p. 91) in their paper about British consumers argue that “the CE construct appears to be more capable of explaining consumers’ (positive) bias toward home products rather than (negative) bias against foreign products from specific countries”. This shows that many of the studies do agree that consumer ethnocentrism is an important factor in determining consumers’ negative attitudes towards foreign products but also the preferences for their domestic made products. It is also shows that in some countries they actually prefer foreign made products such as Morocco and China.

Shimp & Sharma (1987) developed a scale called CETSCALE to determine the ethnocentricity of consumers in their buying decisions. Nearly all studies all over the world that have investigated the concept of consumer ethnocentrism since that time have used this scale (Josiassen, Assaf & Karpen, 2011; Bi et al., 2012; Li & He, 2013; Tsai, Song & Lee, 2013; Tsai, Yoo & Lee, 2013; Balabanis & Diamantopoulos, 2004; Hamelin, Ellouzi & Canterbury, 2011). These studies were done in countries such as the U.S., France, Korea, Netherlands, Germany, U.K., Morocco and Japan.

2.3.2 Economic threat

Economic threat or insecurity is basically defined as “the extent to which consumers feel threatened by economic forces that are beyond their control” (Durvasula & Lysonski 2008, p. 8). There has been an increase of it in many industrialized countries since 1973 as productivity growth has been reduced (Milberg & Winkler, 2010).

Freeman (1995, p. 21) addressed the issue of wage suppression as an economic threat influenced by offshoring. He stated:

“It isn’t even necessary that the West import the toys. The threat to import them or to move plants to less-developed countries to produce toys may suffice to force low-skilled westerners to take a cut in pay to maintain employment. In this situation, the open economy can cause lower pay for low-skilled westerners even without trade.”

Economic threat includes also the risk of poor growth of domestic economy, loss of competitiveness or rather capacity and for example the inequality between high- and low skilled workers (Milberg & Winkler, 2010). In contrast, some researchers like Sethupathy (2013) pointed out that offshoring gives firms the ability to raise domestic wages which is also good for the domestic economy (Gertler, 2009).

In their study about offshoring and economic insecurity, Anderson & Gascon (2008) found that offshoring played a major role in creating worker insecurity. This threat could also be specific to some countries due to the belief that they are more of a threat than others, like some U.S. consumers feel about India and China (Durvasula & Lysonski, 2008). Workers of threatened industries, like automobiles or textiles, were more concerned about offshoring and showed a higher degree of consumer ethnocentrism (Shimp & Sharma, 1987).

So companies who decide to offshore to these countries could earn negative consumer reactions and criticism as they consider offshoring as a national economic threat or they are afraid of being hurt personally. With the growing intensity of globalization and offshoring activity, the feeling of economic threat perceived by consumers is likely to increase (Durvasula & Lysonski, 2008).

People with growing economic insecurity have been arguing for the increase in the social insurance (Anderson & Gascon, 2008). Milberg and Schöller (2008, p. 47) argued for that important task of “re-channeling of the gains from offshoring away from finance and towards re-investment in the domestic economy”. In that case, this economic insecurity does not need to be a problem for those that can cope with sudden loss of employment with the assistance from their government who have policies for such occasions (Milberg & Schöller 2008).

2.3.3 Quality beliefs

When talking about offshoring, there is a consistent discussion of the decrease in quality of services and products. As we have seen in table 3 and evidenced by ORN, poor quality is the number one of perceived company risks doing offshoring (Lewin & Peeters, 2006) and is likely to have an impact on the consumers’ and young adults’ attitudes towards offshoring (Durvasula & Lysonski, 2008).

Although more scholars seem to discuss the quality of services rather than products, they are both seen to decrease when companies offshore to other countries. However, this depends on what the consumers think of the workers of that country. This causes problems for companies because consumers expect to get 24/7 services but do not want to interact with an overseas worker to get that (Thelen, Honeycutt & Murphy, 2010). This is due to the belief that unlike physical products, service encounters comes with high risk of theft of personal data. Research in the 80s has shown that consumers' attitude towards product quality is associated with the image of operational and technological capabilities of the foreign country (Durvasula & Lysonski, 2008). Chakrabarty and Conrad (1995) investigated the perception about domestic products and brands and argued that consumer have lower intention to buy foreign products if the domestic ones have high quality.

On the other hand, some companies may decide to offshore in order to get access to high-quality skills and knowledge and not just to save costs (Jensen & Pedersen, 2011). According to Ngienthi (2013) it becomes a great opportunity for the host country because offshoring high technology sectors actually improves the quality of the labor markets of the host country and in turn also the quality of products and services.

Consumers were more open to the idea of products made in countries more similar to theirs in terms like social, political, and economic dimensions (Durvasula & Lysonski, 2008). Also it is important to note that being close to the home country does not affect the perception of the quality of the service unless the consumer has a positive perception of the country (Thelen, Honeycutt & Murphy, 2010).

It does happen that companies only see the numerous benefits that they can get from offshoring and ignore the downside. Companies should however be careful of the consumers' perceived quality of offshored products and services due to its potential negative impact on consumer satisfaction (Sharma, 2012). Sometimes, the media gets involved and shows the consumers various examples of defected products that were made offshore and this further affects consumers' perceived quality of offshored products and services (Gray, Roth & Leiblein, 2011). Some researchers like Robertson, Lamin and Livanis (2010) even argue that product or/and service quality to be more of an issue than job loss when considering offshoring.

2.3.4 Job loss

One of the most common beliefs about offshoring is that it leads to job losses. When companies decide to do offshoring, they let go of the employees that usually handled that activity. This has caused an outcry for consumers that it hurts the domestic workers (Sethupathy, 2013).

The fear of job loss to offshoring exists, as proofed by a study in Germany. Geishecker, Riedl and Frijters (2012, p. 746) discovered that "between 1995 and 2006, according to our linear and non-linear estimates, narrow offshoring towards low and high-wage countries together can explain about 13% of the overall increase in job loss fears". Those that actually lose their jobs due to offshoring will most likely have some negative sentiment towards offshoring. It is given then that those closest to that person will share the same negative sentiments towards offshoring. This can be explained by research in social psychology which says that in the case of unemployment, it also affects the

mental well-being of those closest to the person that is unemployed and not just the unemployed one (Clark, Knabe & Rätzl, 2010).

When it comes to job loss, consumers believe offshoring to be the principal reason for it. In their study, Geishecker, Riedl and Frijters (2012, p. 738) argued that “44% of American respondents see offshoring as the number one and 17% as the number two culprit. Amongst German respondents this negative view is even more pronounced with 54% ranking offshoring as the most important and 24% as the second most important factor for domestic job loss”. Durvasula & Lysonski (2008) indicated that because of some consumers’ ethnocentricity, they are threatened by offshoring activities due to its believed impact on domestic jobs or because they think it is an unpatriotic act.

Although there are numerous consumers who have job loss fears to offshoring, Ottaviano, Peri and Wright (2010) argue that there is a certain reduction in the employment of natives when there is an increase in offshoring. It also encourages industrial employment. Increased offshoring leads to job loss for some people but increased employment for other workers at the same time. Wright (2014) agrees with the previous argument in saying that offshoring relocates workers to other jobs while at the same time leading to increased hiring.

Groot, Akçomak and de Groot (2013) actually found that globalization did not have that much effect on unemployment like other existing predictors of unemployment. The fact that the workers who lose jobs to offshoring find other alternative jobs can explain why offshoring does not lead to high unemployment rates (Mitra & Ranjan, 2010).

This raises the question of whether consumers are accurate in their fear of job loss due to offshoring. Offshoring leads to losses in social welfare and that is the conclusion that Brecher, Chen & Yu (2012) have found. They argue that consumers have a right to object to offshoring activities. At the same time Riedl (2013) argue that job loss fear actually has the adverse effect of leading to lower wages.

2.4. Analysis model

The analysis model in this thesis was aligned towards the Swedish young adults’ attitudes towards offshoring. The analysis model considers three main variables meaning consumer ethnocentrism (CET), quality beliefs (QB) and economic threat (ET) determining the Swedish young adults’ attitudes towards offshoring (ATO), as illustrated in figure 2.

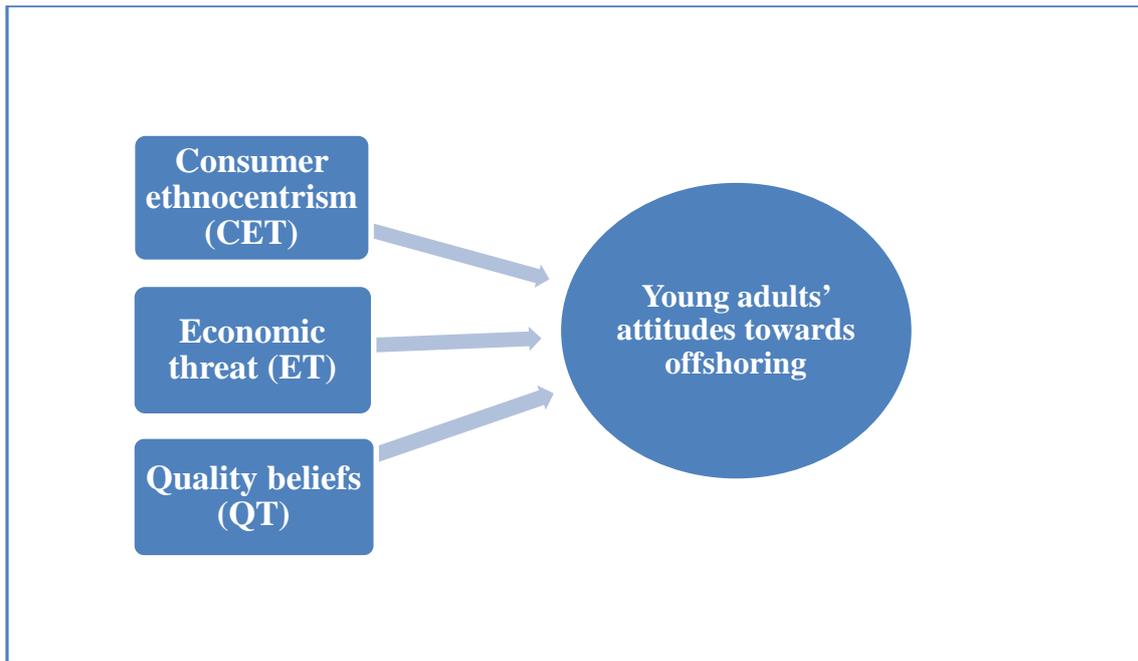


Figure 2: Analysis model

The reason and motivation to study these variables as part of the analysis model were threefold. First of all, these variables were the common ones used among different studies. Secondly, especially Durvasula and Lysonski (2008, p. 13) pointed out that these three variables were “predictors that have a significant impact on attitude toward offshoring”. They also suggest that there might be other key factors. However, the third and final reason was the lack of time and resources allowing the identification and analysis of further factors. Therefore, we concentrated on the three basic variables and studied them in detail.

The job loss variable discussed in the previous subchapter 2.3.4 was not included as a separate variable in the analysis model. The reason for this was because we discovered that the variables consumer ethnocentrism and economic threat already addressed and covered the job loss variable. The survey items addressing these two variables included questions about job loss itself. Therefore, job loss was not considered as an own variable affecting the young Swedish adults’ attitudes towards offshoring.

The variables are composed of different sub-variables which were at the same time the survey questions. Those are not discussed in this subchapter as they are illustrated in detail in the subchapter 3.4 about questionnaire construction.

3. Methodology

This chapter discusses the methods for conducting the research and explaining the reasons for choosing them. Specifically, this chapter starts by explaining the research and investigation approach. The method of data collection and sampling issues are discussed before leading to the questionnaire construction, the survey administration, ethical considerations and the method of analyzing the collected data. This chapter ends with addressing the quality issues like source critique, reliability and validity issues.

3.1. Research approach

This study adopted a positivist epistemology and objectivist ontology approach. A positivist epistemology study utilizes the natural science methods of research to the study of social sciences (Bryman & Bell, 2011). This approach mainly deals with the testing of theories and the use of statistical measures which fitted with the intentions of this study in order to answer the research questions. It is underpinned by an objectivist ontology which means that the world exists outside the control of social actors (Saunders, Lewis & Thornhill). The objectivist ontology view explains how and why things happen as opposed to understanding why they happen. In simplest terms, this positivist epistemology and objectivist ontology approach adopts methods such as surveys to gain objective knowledge (Bryman & Bell, 2011).

This study was using a quantitative research approach, based on the formulation of our research questions and the research purpose. The quantitative research approach provided suitable measurement possibilities in order to answer the research questions, cover the problem area and to fulfill the purpose. Before we provide further explanation why quantitative and not qualitative, we define the two research approaches so that it is easier to understand the reasons we chose to have a quantitative study.

Quantitative research is a research method that deals with testing a theory consisting of variables. These variables are measured with numbers and analyzed with statistical measures to test the theory which makes generalization possible (Sogunro 2002). On the other hand, qualitative research is based on text and words. This means that there is a possibility of interpreting the text differently and this makes the qualitative research approach subjective (Sogunro 2002).

The two research methods take a different approach about conducting the research and are one of the main reasons for their differences along with purpose (Newman & Benz, 1998). In the simplest terms, the quantitative method deals with measuring something whereas the qualitative deals with describing something in detail. The quantitative approach is useful in studying few variables but with large entities. The qualitative approach studies various variables but with small entities (Oghazi, 2009). Conclusions that are drawn from qualitative research mostly deals with interpreting the findings so as to explain something experienced. Quantitative research deals with testing a certain hypothesis a researcher has addressed and uses statistics to test it (Newman & Benz, 1998).

Quantitative research is considered invaluable in research that measures the attitudes of people (Shields & Twycross, 2013). The intention of this research was to study the attitudes of young Swedish adults towards offshoring. This was our first indication that

quantitative research methods might be more suitable for our research. Another major reason was that the quantitative approach allows making generalizations from data that was gathered from the specific sample. That was also important because we were looking to generalize the data gathered from the sample to explain the attitudes of young adults in Sweden towards offshoring. With this in mind, this study was utilizing the quantitative approach in order to get as much objective data as possible that could be generalized (Bryman & Bell, 2011).

3.2. Investigation approach

There are different approaches to research. Inductive approach means the collection of empirical data and inferring the implications of the study for the development of theory (Bryman & Bell, 2011). Deductive theory on the other hand is an act that can be considered as top-down approach. The deductive approach is more used in quantitative research as hypotheses are derived from theory and subsequently tested (Dahlberg & McCaig, 2010).

Therefore, this study was based on a deductive approach as theory was building the starting point in conducting the research (Dahlberg & McCaig, 2010). Through reviewing the theory and previous research we were able to develop our analysis model to answer the research questions in this thesis. This was done by identifying the factors, respectively variables of Swedish young adults' attitudes formation towards offshoring and inter alia the adoption of established survey questions to investigate the attitudes towards offshoring by this group.

3.3. Data collection

The use of literature sources depends on the research questions, the objectives and the need for different sources (Saunders, Lewis & Thornhill, 2009).

3.3.1 Data sources

In this research, primary data was gathered to answer the research questions. With primary data being defined as data specifically gathered by the researchers for their own specific purposes (BusinessDictionary.com, 2015).

Due to the lack of studies regarding the Swedish young adults' attitudes towards offshoring, the authors believed primary data in this topic would be required. So for this study, primary data was gathered and analyzed. Gathering primary data is time consuming and costly but it is very valuable due to its relevancy (Bryman & Bell, 2011).

3.3.2 Sampling

When conducting research, the need to study a sample of the population will most likely occur in a quantitative research (Bryman & Bell, 2011). The population in research is a collection of people of interest for a researcher in a particular study (Gravetter & Wallnau, 2008). The reason for the need to draw a sample can be seen in the definition of population since it is impractical or rather impossible to gather data from every member of the population, especially if it is a small scale research. Sampling is a part of the population that is considered representative for the entire population in order to generalize the findings (Gravetter & Wallnau, 2008).

This study aimed to research the attitudes of young adults regarding offshoring in Sweden. Similar to other studies for example of Durvasula, Andrews and Netemeyer (1997) or Durvasula and Lysonski (2009), this study was also using students as the population from which the sample was drawn. Researchers have also argued that students are the most appropriate group to represent young adults (Durvasula & Lysonski, 2009). Specifically the students at University West in Trollhättan were the population in this study.

University West in Trollhättan has around 12,000 students (hv.se, 2015). Due to our limited resources we were not capable of surveying them all. Therefore we decided to draw a sample that can be representative of the population in order for us to make generalizations from the data gathered (Marshall, 1996). Sampling saves time, resources and the results are more likely to be accurate than a census (Saunders, Lewis & Thornhill, 2009).

There are two types of sampling techniques, probability (representative) and non-probability (judgemental) sampling. Probability sampling ensures that the chance of each case to be selected is known and equal for all cases. It provides the opportunity to estimate the characteristics of the population based on the sample in order to answer the research questions and fulfill the purpose (Saunders, Lewis & Thornhill, 2009). Non-probability samples on the other hand differ from probability samples in terms of that the probability of the selected case from the total population is not known and that statistical inferences about the population's characteristics are impossible to make. For each of the two types, there are lots of different sampling techniques (Saunders, Lewis & Thornhill, 2009).

This study made use of the approach of probability sampling, which is most likely applied in survey-based research strategies in order to answer the research questions (Saunders, Lewis & Thornhill, 2009). Probability sampling pursues the goal of keeping sampling errors to a minimum and makes the generalization of findings derived from a sample to the population possible (Bryman & Bell, 2011). The probability sampling process consisted of four different stages including the identification of a suitable sampling frame, the selection of a suitable sample size, choosing the most appropriate sampling technique and finally reviewing if the sample is representative for the entire population (Saunders, Lewis & Thornhill, 2009). The initial three steps are explained more in detail in this subchapter, while the representativeness for the entire population is discussed at a later stage.

a) Sampling frame

Once the decision to draw a sample was decided, the next item to discuss was the sampling frame. Sampling frame is the list of members from the population from which the sample will be collected in order to be studied (Bryman & Bell, 2011).

Sekaran and Bougie (2009) pointed out that the university registry could serve as the sampling frame of doing research regarding university students as population, like in our case. To our knowledge, there was no freely accessible list providing all students names and e-mail addresses of University West from which the sample could have been drawn. Therefore, we contacted the university's administration office for support and further details. They indicated that they could provide us the student's e-mail addresses

of individual courses which led to the idea to select the sample from the list of courses that the University West was providing at this moment.

Eventually we discovered that the university's learning platform called 'Disco' gives a review of the course list we required. So in this case, the sampling frame equaled the course list on the Disco page, providing all the courses that are taught at University West. Herewith, we ensured that the sampling frame is complete, relevant and up-to-date (Saunders, Lewis & Thornhill, 2009).

b) Sample size

The sample size is dependent on the available resources, like time and costs (Bryman & Bell, 2011). Furthermore, the choice of the sample size depends on the confidence of data, its level of certainty, the margin of error which can be tolerated, the types of statistical analyses which will be conducted and the size of the total population from which the sample will be drawn (Saunders, Lewis & Thornhill, 2009).

“The first thing to understand is the difference between confidence levels and margins of error. Simply put, a confidence level describes how sure you can be that your results are accurate, whereas the margin of error shows the range the survey results would fall between if our confidence level held true” (Penwarden 2014, no pagination). Researchers typically refer to 95% as level of confidence, meaning that 95 of 100 selected cases would certainly represent the population's characteristics (Saunders, Lewis & Thornhill 2009) and a margin of error of 5% (Penwarden, 2014). These values used in a standard survey were also applied for the sample in our study, related to the total population of 12,000 students at University West. With the help of an online 'survey sample size calculator' we were able to determine the suggested sample size of 373. This suggested sample size was calculated as following: $(Distribution\ of\ 50\%) / ((Margin\ of\ Error\% / Confidence\ Level\ Score)^2)$ (fluidsurveys, 2015).

Probability sampling is based on statistical probability referring to the generalization of the gathered data for the population (Saunders, Lewis & Thornhill, 2009). As a 100% response rate was quite unrealistic, we decided to enlarge our sample to ensure enough responses for the required margin of error (Saunders, Lewis & Thornhill 2009).

c) Appropriate sampling technique

The next logical step after defining the sampling frame and the sampling size was the determination of an appropriate sampling technique. Probability sampling consists of five main techniques which are simple random, systematic, stratified random, cluster and multi-stage sampling (Saunders, Lewis & Thornhill, 2009).

The sampling technique applied in this work was *stratified random sampling*, which is a modification of random sampling. Therefore, these techniques share lots of advantages and disadvantages. The main difference is that stratified random sampling follows the approach of dividing the population into relevant and significant strata according to one or more attributes. This is done in order to achieve a number of subsets of the sampling frame (Saunders, Lewis & Thornhill, 2009).

The attribute which divided the population of students at University West into different strata was the ‘field of study’. Thus, four subsets of the sampling frame were given, namely the department of

- Economics and IT,
- Engineering Science,
- Nursing, Health and Culture, and lastly
- Social and Behavioural Studies.

The main advantage and reason of choosing stratified random sampling over simple random sampling was that the sample is more likely to be representative (Saunders, Lewis & Thornhill, 2009) as the same amount of different courses within the four different fields of study were included in the sample.

The next step was to number each of the cases within each stratum and select the sample using simple random or systematic sampling (Saunders, Lewis & Thornhill, 2009). We agreed on choosing eight courses, meaning two courses of each stratum representing the field of study. This was done by applying the simple random sampling approach. As a result our sample consisted of the following courses illustrated in table 4.

Field of study	Courses included in the sample	total #
Economics and IT	<ul style="list-style-type: none"> • Internationell ekonomi (<i>95 students</i>) • Investeringsbedömning och finansiell styrning (<i>131 students</i>) 	226
Engineering Science	<ul style="list-style-type: none"> • System integration (<i>46 students</i>) • Co-op för Elkraftingenjörer H14 (<i>32 students</i>) 	78
Nursing, Health and Culture	<ul style="list-style-type: none"> • Omvårdnad vid psykisk ohälsa (<i>88 students</i>) • Omvårdnad vid Diabetes II (<i>17 students</i>) 	105
Social and Behavioural Studies	<ul style="list-style-type: none"> • Barn och ungdomspsykologi (<i>70 students</i>) • Barn och ungdomars identitet och livsvillkor i det senmoderna (<i>41 students</i>) 	111

Table 4: Courses and its size included in the sample

Table 4 shows the particular two courses and the total number of students within each field of study. Adding these numbers we came to the conclusion that in total 520 students were building the sample which we studied and derived from the population of University West.

Furthermore, there are two types of stratified random sampling. This technique can either be proportionate or disproportionate. Having a look at the number of students from the courses in table 4, it seems obvious that this thesis followed the disproportionate approach. This means that “the proportions of the strata in the sample are different from the proportions of the strata in the population” (Black 2012, p. 229).

3.3.3 Data collection method

There were several possible methods of gathering the data required for this study. However, due to the quantitative approach of the study and its advantages, an online survey was utilized to gather the necessary primary data. An online survey is a tool providing the researcher the possibility to reach the target audience through the use of the Internet (Techopedia.com, 2015).

The advantages using online surveys as a research method in this thesis are evident. First of all, the online survey was almost free of cost. We just had to pay “upgrading-costs” for a premium account of the online survey software in order to be able to export the collected data to SPSS. The commercial website allowed us using attractive formats to create and present questionnaires which automatically filled our database with the gathered data (Couper, 2000). In return, data was more accurate as errors were avoided through transferring and transcribing them manually. Using the online survey was a preferable research method due to the fast possibility of receiving responses. Online questionnaires tend to have fewer unanswered questions leading to less missing data. On the other hand, there are some disadvantages of online surveys. It is almost impossible to calculate response rates and people are able to repeat the survey more than one time (Dillman, 2000; Bryman & Bell, 2011; Fricker & Schonlau, 2002). Response rate also vary widely. The response rate of our survey is discussed in the next subchapter.

There is a lot of academic research to answer the question if online or paper-and-pencil surveys lead to a higher response rate. Most scholars argue that paper-and-pencil surveys elicit a higher response rate, however there are also studies claiming the opposite (Sax, Gilmartin & Bryant, 2003). Also the quality of the collected data via online survey is criticized by some authors for some studies, but not in general (Couper, 2000). However, the restriction to online population and the motivation of the respondents having the need to be online to answer the survey are also disadvantages (Dillman, 2000; Bryman & Bell, 2011; Fricker & Schonlau, 2002) but were not considered as a drawback in this thesis. The reason therefore is that nowadays young adults and students use the Internet on a daily basis. Especially the Internet user penetration in Sweden is one of the highest in the world (Statista, 2015; Forbes, 2012). So approaching an online survey seemed like an obvious choice as a research method to gather data in order to answer the research question.

3.4. Questionnaire construction

When constructing the survey (see Appendix I), we decided to use already established scales and measures. This means that most of the items used in the survey have either been adapted from articles that used them in prior research or have been modified for us to be able to use them in our survey. The reason for that was because the items were initially constructed to be used in other countries such as the U.S. or Japan (Shimp & Sharma, 1987; Klein, Ettenson & Morris, 1998). Therefore, the modification was required for us to be able to adequately administer the survey here in Sweden.

There were two reasons why we decided to use already established scales or measures. The first reason was due to the fact that these items had already been tested for their reliability and validity. The second reason was the possibility to compare our results

with that of the study and in the end either agree with their findings or note any changes that we discovered (Bryman & Bell, 2011).

The consumer ethnocentrism construct is generally measured using a widely accepted and used 17-item measure called the CETSCALE, developed by Shimp and Sharma (1987) in their study *Consumer Ethnocentrism: Construction and Validation of the CETSCALE* published in 1987. Although the CETSCALE consists of 17-items, we decided to focus on four out of the 17 items as recommended by Steenkamp et al. (1999) and Batra et al. (2000). The four items CETSCALE was also used by Klein (2002) who has shown that the correlation between them and a modified CETSCALE of 10 items was 0.96. We used three out of the four items recommended by the aforementioned authors. Based on suggestions from the professorship we did replace “It is not right to purchase foreign products, because it puts Swedes out of jobs” with “There should be very little trading or purchasing of goods/services from other countries unless out of necessity” (Shimp & Sharma, 1987).

The economic threat construct was measured using three items used by Shimp, Sharman & Shin (1995). It included items such as “The poor economic growth is due to the extensive amount of foreign competition”. The quality beliefs were measured by items such as “products made by Swedish companies show a very high degree of technological advancement”. This question for example was chosen from a study by Klein (2002). The last construct, namely attitudes towards offshoring was measured with a five items instrument derived from two studies by Thelen, Yoo and Magnini (2011) as well Sharma (2012) and three questions were formulated on our own It included items such as “it is extremely important to me that firms do not offshore jobs” and “I am extremely bothered over offshoring to foreign countries”.

Although there are several different types of scales in this type of surveys, Likert-type scale was considered to be best suited when testing for attitudes of people towards something (Jamieson, 2004; Rattray & Jones, 2007; Oghazi, 2009). It is also an argument that many of these types of studies used the 7-point Likert-type scale (Norman, 2010). In addition, we also discovered that most of the studies we derived the questions for the survey from were using this type and we therefore decided to do the same. All the items were measured using 7-point Likert-type rating scales, in which the respondents were asked to indicate their agreement with the statement on the scale. The scale was ranging from “1-strongly disagree” to “7-strongly agree”. According to Saunders, Lewis & Thornhill “an additional category of ‘not sure’ or ‘don’t know’ can be added and should be separated slightly from the rating scale” (Saunders, Lewis & Thornhill 2009, p. 379). We did not consider adding such as category, as there were no questions with personal character or hard to answer.

The survey also included three demographic questions such as the nationality of the respondents, their gender and lastly, their field of study. The nationality of the respondents was asked in order to ensure that our results were from young Swedish adults and not from other nationalities. The gender and field of study were asked in the first instance to see if there were variations in the answers based on these two differences. Due to the low response rate we did not do any comparisons. We also used field of study for dividing the population into strata helping to increase the generalization possibility. These were the only questions which were not measured with the 7-point Likert-type scale. Table 5 provides an overview of the online survey questions, to which variable they belong, there scales and their original source.

Variable	Scale	Items used	Adapted/Modified from
Consumer Ethnocentrism	7-point Likert-type scale	CET1 – There should be very little trading or purchasing of goods/services from other countries unless out of necessity. CET2 – Swedish people should always buy Swedish-made products. CET3 – We should purchase products manufactured in Sweden instead of letting other countries get rich off us. CET4 – Swedes should not buy foreign products, because this hurts Swedish business and causes unemployment.	(Shimp & Sharma, 1987)
Economic Threat	7-point Likert-type scale	ET1 – The poor economic growth is due to the extensive amount of foreign competition. ET2 – The security of job/business is heavily influenced by foreign competitors. ET3 – Economic problems are mainly due to excessive foreign competitors.	(Shimp, Sharma & Shin, 1995)
Quality Beliefs	7-point Likert-type scale	QB1 – Products made by Swedish companies are carefully produced and have fine workmanship. QB2 – Products made by Swedish companies show a very high degree of technological advancement. QB3 – Products made by Swedish companies are usually quite reliable and seem to last the desired length of time. QB4 – Products made by Swedish companies are usually good value for the money.	(Klein, 2002)
Attitudes toward Offshoring	7-point Likert-type scale	ATO1 – Offshoring takes jobs away from Sweden. ATO2 – Offshoring is good for our economy in the long run. ATO3 – Offshoring is necessary for our business to survive. ATO4 – It is extremely important to me that firms do not offshore jobs. ATO5 – I am extremely bothered over offshoring to foreign countries. ATO6 – Swedish consumers' benefit from reduced prices as offshoring provides opportunities for Swedish companies. ATO7 - The quality of products and services will increase trough offshoring as Swedish companies get access to skilled workers and knowledge. ATO8 - Offshoring is responsible for the stagnation of domestic wages.	(Sharma, 2012; Thelen, Yoo & Magnini, 2011) own question own question own question

Table 5: Survey design and survey questions for this study

The table also shows that all questions or rather statements were so called “closed” questions which do not had to be answered by words. Saunders, Lewis and Thornhill (2009) for example recommend using closed question wherever it is possible. Avoiding open questions and choosing closed questions seemed also more appropriate for our study. With this way we were able to pre-code the answers which made the further process easier. Respondents were clear about the question and it probably helped to raise the willingness to participate in the survey as it is easier and quicker than writing an entire answer (Bryman & Bell, 2011).

3.4.1 Survey administration

Finally, the next passage discusses the administration of the survey and how the process was organized.

First we sent out the survey link imbedded in an introduction text to the students. Studies have shown that increased e-mail contact leads to increased response rates (Smith, 1997). People respond promptly after the initial invitation to participate in the survey or they fail to do so entirely (Lemon, 2007). This highlights the use and necessity of reminder mails. The research of Lemon (2007) also has shown that short intervals between the survey invitation and e-mail reminders could have positive effects on the overall response rate. Our process of reminding the students of the sample followed this advice and looked like following:

First, the responsible teachers and lecturers of the courses included in the sampling frame were contacted, physically as well via e-mail. They were asked to remind their students to participate in our survey. Upon approval of the teachers, they either reminded their students personally in the upcoming seminar or via a reminder text/e-mail formulated by us (see Appendix II) on the learning platform Disco. This action was intended to increase the response rate as teachers have a different access to their students. They are known and respected compared to unfamiliar students asking for survey participation.

Secondly, we sent out a final reminder to the relevant students on our own. We indicated again that their help is vital to us and that the survey will be shut down in a few days to make them aware of participating as soon as possible.

3.4.2 Response rate

On the 23.04.2015 we first sent out the e-mails including the survey link to the students of our sample. The emails totaled an amount of 520, according to the determined sample size. As 4 e-mails could not be delivered to the recipients, the basis for the response rate calculation was reduced to 516 students.

Even though we had a good traction on the first 24 hours and received 37 responses back, the following days were not as promising. On the 28.4.2015 we contacted the teachers of the courses to remind the students. This was done by them in the course of the week, but the response rate did not increase remarkably. Especially the final reminder which was sent out on the 04.05.2015 helped to increase the responses to the final number of 124. The point of time and number of responses of our survey exactly reflected the statement of Lemon (2007) that the majority of responses are within 36 hours of the initial invitation or a reminder.

The initial response rate was about 24%. Due to some missing data in the responses we had to exclude some of them and therefore the 124 had to be reduced to 94 surveys which equals about 19%. The reasons for the reduction of the responses, namely missing data and unsuitable responses are given at a later stage in this thesis.

Explaining the matter of low response rates is quite difficult as many reasons together may add up to it. The limitations of time and resources we had placed at our disposal were one factor. For example we were not in the position to provide monetary incentives. Also the timing could explain the low response rate, as students do not want to lose time in the examination period which was exactly when we sent out the survey. Sax, Gilmartin and Bryant (2003) pointed out that students nowadays get 'bombarded' with questionnaires and are therefore not willing to participate.

However, a lot of researchers were facing the challenge of having a low overall response rate as it dropped dramatically over time (Smith, 1995). SuperSurvey, which is a similar tool to conduct online surveys like we used, published their statistics about response rates of surveys using their platform. They analyzed 199 surveys and concluded that the total response rate was 13.35% and the average survey response rate about 33% (SuperSurvey, 2009). Bryman and Bell (2011) discussed this issue and gave examples of highly regarded journals like Academy of Management Journal and Strategic Management Journal that published articles with such low response rates as 18%. They argue that in cases such as this, the important thing is not to despair but address the issue and so did we. The implications that low response rates have are limitations to the research and the generalization which are discussed in the chapter of conclusion and limitation.

3.5. Ethical considerations

Conducting business research causes concerns. Therefore, certain ethical principles have to be taken into consideration. This has led to the formulation of codes of ethics, for example by professional associations like the American Academy of Management or the Market Research Society (Bryman & Bell, 2011).

Diener and Crandall (1987) broke down ethical principles into four categories which are relevant in business research. This is whether there is harm to participants, lack of informed consent, invasion of privacy or the involvement of deception.

We agree with the statement that harm to participants is unacceptable. Harm can have different facets, from physical harm, stress, career prospects and so on. There is even the possibility of harm to non-participants. Informed consent means that prospective research participants have to be informed as much as possible for their decision making about whether they like to take part in a study or not. Privacy on the other hand is self-explanatory and deals especially with private and sensitive topics. Lastly, deception is a term describing the fact that researcher present their study as something different than it actually is (Bryman & Bell, 2011).

It is to say that these ethical concerns are more likely to apply for qualitative research, as the handling of individual information, confidentiality, anonymity etc. are more difficult and sometimes questionable (Saunders, Lewis & Thornhill, 2009). The next paragraph addresses the issues of ethical considerations to quantitative analysis, especially online surveys and how we dealt with it.

First of all, there was no evidence suggesting that our survey could harm a participant or non-participant. There were no risks participating in our online survey and no critical or uncomfortable information was disclosed that could have had consequences for the respondents. For the informed consent, an introduction text of the questionnaire indicated the nature of the survey, its purpose and how the data was used. We also pointed out the average time the survey would take to be answered completely. The respondents in our survey were all volunteers and they had the chance to refuse to participate if they were not willing to. Furthermore, we highlighted and guaranteed that information provided by the respondents will be kept confidential and anonymous. There would not be any disclosure to third parties. The demographic information collected in the survey could not be used to identify individuals from the study (Sue & Ritter, 2012).

3.6. Analysis method

Once the primary data had been gathered, the next logical step was to analyze the results. This was done by using the SPSS program. The analysis of the data started with presenting frequency tables and the descriptive statistics in readable and understandable tables and graphs. We then tested the correlation between the variables.

3.6.1 Descriptive statistics and frequencies

Descriptive statistics were used for the main aspect of explaining the variables and to determine the central tendency. The central tendency in this study was measured in three ways. These measures were the mean, median and mode. The mean is the average value of the all the data, the median is the middle value of the data after it has been ranked in an order and the last measure of mode is the most occurring value in the data (Saunders, Lewis & Thornhill, 2009; Bryman & Bell, 2011).

We presented the central tendency measures in order to make our results more understandable. It helped us to describe our results in a comprehensive way (Saunders, Lewis & Thornhill, 2009). It contributed to the reader's understanding, such as the case of the mean showing the average value of the data in order to answer the research question.

Using the frequencies of the ATO survey questions helped to perform the balance point approach which was also used to answer the first research question. The balance point value for each ATO survey question was calculated individually by adding its frequencies of the Likert scale items 5 to 7 minus the sum of the frequencies of the Likert scale items 1 to 3.

3.6.2 Correlation

Correlation examines the relationship between two variables and enables to quantify the data. Pearson's r is given as a method for calculating the correlation between two interval/ratio variables such as the variables used in this study (Bryman & Bell, 2011). The correlation is given as a number between +1 and -1 as seen in figure 3. The number of +1 stands for perfect positive correlation and as one of the variables increase the other increases with the same value. The opposite goes for -1 as it stands for perfect negative correlation and as one of the variables increases the other decreases with the same value.



Figure 3: Values of the correlation coefficient (Saunders, Lewis & Thornhill 2009, p. 459)

It is also important to note that a value of 0 means that there is no correlation between the variables and that they are independent of each other. They also argue that for the correlation to be considered significant the Sig. values from the data gathered needs to be greater than 0.05 (Saunders, Lewis & Thornhill, 2009). This fact and value was considered in describing the correlation in the analysis part.

The correlation test is important because it helped us to answer our second research question. The idea here was to test the relationship between the variables and to find out if they were actually related. We were testing the correlation in order to determine if the factors being studied actually affected the offshoring attitudes. We were investigating if they had a strong correlation and whether it was a negative or positive one (Saunders, Lewis & Thornhill, 2009). As mentioned before, we were using the SPSS program to calculate the Pearson correlation. There is a rule of thumb used by different authors, researchers and universities regarding the acceptable values for correlation coefficients. Tolmie, Muijs & McAteer (2011, p. 90) provide the following listing:

- less than +/- 0.1, weak relationship
- less than +/- 0.3 (but greater than +/- 0.1), modest relationship;
- less than +/- 0.5 (but greater than +/- 0.3), moderate relationship;
- less than +/- 0.8 (but greater than +/- 0.5), strong relationship;
- equal to or greater than +/- 0.8, very strong relationship.

Therefore, the lowest acceptable Pearson correlation value in this thesis is +/- 0.3 indicating a moderate relationship.

3.7. Quality issues

This research made use of primary data to answer the research questions and serve the purpose of the thesis. This subchapter will briefly address the issue of the quality of the used sources or rather its critique.

3.7.1 Source critique

Reviewing previous literature was the starting point in this thesis according to the deductive approach. It was building the basis for the primary and empirical data collection (Bryman & Bell, 2011).

We paid special attention to the quality and trustworthiness of the sources applied in this thesis. We mainly made use of scientific articles, which have been peer-reviewed. Harvard Business Review, Journal of International Business Studies, Strategic Management Journal, etc. were just a few prominent and qualitative examples of e-journals used in this research. Furthermore, Google Scholar helped to indicate which articles were cited most and are therefore certainly recommendable for use. We also

ensured to discuss the most recently published articles, especially starting from the year of 2010 to date. Obviously we also referred to classic literature which originates from years before.

Furthermore we gathered data from scholarly books and also considered the Internet as a valuable source to get current information and statistics on the topic. We made sure that only qualitative and reliable web sources were used, like statistics from the official page of Statistics Sweden and advisory firms like McKinsey or The Hacket Group.

Regarding the primary data collection, we used the approach of online survey. Criticism on using online surveys is especially passed on the survey quality. Couper (2000) points out that the Internet provides a great number of survey data collection possibilities. This means that the survey quality varies widely between them. The survey quality therefore must be seen in context of the specific survey, its type, form, and purpose.

In general it can be said that a proper online survey design leads to good quality data. As discussed previously in the subchapter of the survey design, we mainly made use of established survey questions, scales and measures in order to generate a high quality database.

The length of our survey was concise and manageable and there was no emotional stress for the respondents. We also think we were able to convince the students that the topic was important to them as they are affected by the consequences of offshoring. This all led to the reduction of respondent burden described by Bradburn (1977) and therefore to high quality data.

3.7.2 Reliability and validity

Evaluating business and management research requires basic criteria, especially reliability and validity. Their use related to the paradigms of qualitative versus quantitative research is different (Bryman & Bell, 2011). We logically refer to reliability and validity in quantitative research.

In order to evaluate the measures used in the survey, their validity and reliability were tested. Validity establishes if a measurement actually measures what it is meant to measure. Validity therefore addresses the causal relationship between two variables (Saunders, Lewis & Thornhill, 2009). Internal validity concerns the issue of causality and if the relationship is valid between two or more variables. External validity refers to the possibility of generalizing the results of the study beyond the context-related study. Ecological validity addresses the case if the findings of the research are applicable to the daily life of people (Bryman & Bell, 2011).

Reliability in the nature of quantitative research means if the measure of a concept is consistent. Three factors are addressing this issue. First, stability refers to the question if a measure is stable over time with little variation of the results. The most evident approach to measure stability is to do the test-retest method, meaning measuring the same sample at another point of time. Internal reliability identifies the consistency of indicators of the used scale. Split-half method is an appropriate approach to test internal reliability (Bryman & Bell, 2011). Cronbach's alpha is another way to test internal reliability by calculating the average of all possible split-half reliability coefficients (Saunders, Lewis & Thornhill, 2009). Inter-observer consistency deals with the

involvement of subjective judgement of the researcher. Concluding the topic of reliability it is to say that quantitative researchers have to think about the sample used regarding the generalization of the results according to external validity (Bryman & Bell, 2011). Reliability and validity are distinguishable principles but they do have a relationship. Validity presumes reliability, meaning that a measure cannot be reliable if it is not valid (Bryman & Bell, 2011).

In this thesis, the internal reliability test of Cronbach's alpha was carried out using the SPSS program in order to determine the reliability of the measurements. Nowadays, Cronbach's alpha is a common way to test internal reliability (Bryman & Bell, 2011). The results from this test will be between 1 and 0 and the lowest accepted value is 0.8 for internal reliability to be acceptable. There are some cases of accepted value of 0.7 or lower (Bryman & Bell, 2011; Peterson, 1994).

The validity of the measures can be determined in several ways. In this study, validity was established by three tests: face validity, concurrent validity and construct validity. Face validity is essentially asking experts in the field of the study to determine if the measures are measuring the required concepts (Bryman & Bell, 2011). Therefore, some experts from our professorship were asked to establish face validity. This was done by getting the opinions of the experts on the survey questions before it was sent out to the participants. Concurrent validity means how well a new measurement procedure correlates with an established procedure, meaning that the two measurement procedures have a consistent relationship (Dissertation.laerd.com, 2015). Whereas, construct validity is given if an operationalization of a construct actually measures what it is supposed to measure (Oghazi, 2009).

Concurrent validity and construct validity was established as the measurement data used in this study was same or similar to the data from prior studies. The online survey in this study was consisting of instruments that were derived from established scales or measures from previous studies. These studies from which the measures were derived were published and peer-reviewed researches and therefore considered to have high quality information. In light of this, the authors believed that threats to validity of those measures were not existent as they had already been tested, established several times and supposed to measure what it was intended to measure.

Another threat to validity dealt with the choice of the population, its sample and the generalization of findings. As with any sample in a research, the intent of the sample is to be representative regarding the population in order to generalize the results (Bryman & Bell, 2011). Therefore, the findings of the student sample were generalized for the overall population. However, some issues about generalization will be discussed in the limitations of this study.

Another threat to validity was the social desirability bias. It is the tendency of people to provide answers they think are desired and is considered to be the biggest threat to validity of the results from social science research (King & Bruner, 2000). Social desirability bias can therefore lead to misleading or even worse and false results. With this in mind, researchers need to be wary of social desirability bias because it might lead to wrong conclusions about young adults' attitudes (Fisher, 1993). Some authors argue that the threat of social desirability bias is even more present in researches that use face to face survey to gather their data (Roxas & Lindsay, 2011). Considering that, this study

was utilizing an online survey and was therefore anonymous to all participants. This fact minimized the social desirability bias and was therefore reducing any threats it might have had on the validity of the results of this research.

Concluding the reliability and validity subchapter, it can be said that we had a close fit between the literature and our questionnaire which ensured validity of our results. This is based on the deductive nature of our study as we used variables, items, and survey questions that were applied in previous studies.

4. Empirical evidence

The results of the research conducted for this study are presented in this chapter. We utilize many tables to illustrate them. The structure of the empirical evidence presentation is organized in accordance to the research questions, the sequence of the analysis model as well the analysis method of the methodology chapter. The empirical data is presented by providing frequency tables leading to descriptive statistics and correlation tables for the individual variables. Finally, a short summary outlines the most important empirical data.

The presentation of the empirical results makes use of the variable names. Table 6 shows the coded variable names and the underlying survey questions for a better understanding.

Variable names	Survey questions
CET1	There should be very little trading or purchasing of goods/services from other countries unless out of necessity.
CET2	Swedish people should always buy Swedish-made products.
CET3	We should purchase products manufactured in Sweden instead of letting other countries get rich off us.
CET4	Swedes should not buy foreign products, because this hurts Swedish business and causes unemployment.
ET1	The poor economic growth is due to the extensive amount of foreign competition.
ET2	The security of job/business is heavily influenced by foreign competitors.
ET3	Economic problems are mainly due to excessive foreign competitors.
QB1	Products made by Swedish companies are carefully produced and have fine workmanship.
QB2	Products made by Swedish companies show a very high degree of technological advancement.
QB3	Products made by Swedish companies are usually quite reliable and seem to last the desired length of time.
QB4	Products made by Swedish companies are usually good value for the money.
ATO1	Offshoring takes jobs away from Sweden.
ATO2	Offshoring is good for our economy in the long run.
ATO3	Offshoring is necessary for our business to survive.
ATO4	It is extremely important to me that firms do not offshore jobs.
ATO5	I am extremely bothered over offshoring to foreign countries.
ATO6	Swedish consumers' benefit from reduced prices as offshoring provides opportunities for Swedish companies.
ATO7	The quality of products and services will increase through offshoring as Swedish companies get access to skilled workers and knowledge.
ATO8	Offshoring is responsible for the stagnation of domestic wages.

Table 6: Variable names and the underlying survey questions

4.1. Frequency tables

We start with providing frequency tables that are valuable in organizing and sorting the data and we also provide two graphs for a better demonstration of the data.

a) Participation status

There was the need to exclude some responses from the total responses we got back, as only the useful and suitable responses are analyzed in chapter 5. Therefore, the participation status is illustrated in table 7.

	Frequency	Percent	Valid Percent	Cumulative Percent
participated and completed	101	81,5	81,5	81,5
Valid participated but not yet completed	23	18,5	18,5	100,0
Total	124	100,0	100,0	

Table 7: Participation status of the online survey questions

This table shows three important values, with the first being the total amount of people that responded to the survey (124). The other two values show the number of subjects that either participated and completed or participated and did not complete the survey. This means that not all surveys were suitable for us to use in our analysis since some of them were indeed incomplete (23). The most important value here is the amount of people that actually participated and returned the complete survey (101).

b) Nationality

The next two tables are about the demographic questions that were asked in the survey. The survey included a question asking the participants if their nationality is Swedish or not. The result can be seen in table 8.

	Frequency	Percent	Valid Percent	Cumulative Percent
No	7	6,9	6,9	6,9
Valid Yes	94	93,1	93,1	100,0
Total	101	100,0	100,0	

Table 8: Nationality of the survey respondents

This study was meant for the Swedish young adults. So the responses from non-Swedes were unsuitable for us and as such excluded from the analysis. This means that the number of useful responses for this study had to be reduced again. Initially there were a total of nine non-Swedish participants. Fortunately two of the non-Swedish responses also did not complete their survey so they have been already accounted for. That means that seven had to be reduced from the 101 complete survey answers which lead to the final amount of 94 responses.

c) Gender

Figure 4 shows the gender of the studied persons, as the reader might be interested in which sex responded most.

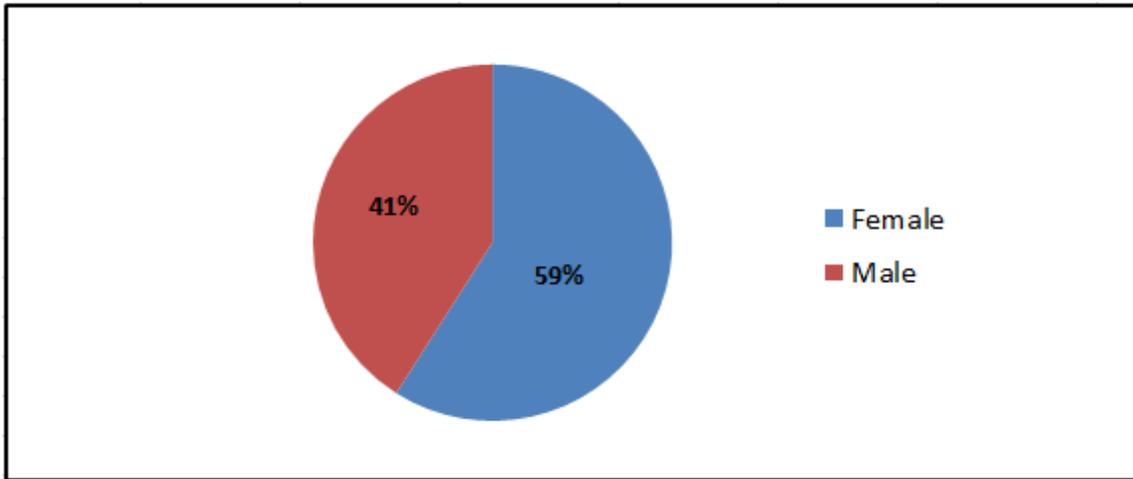


Figure 4: Gender of respondents in percentage

There is not much explaining required for this figure. It basically shows the amount of female and male participants. It shows that with 59% more women participated than men, having a share of 41%. In absolute numbers it means that 55 women and 39 men took part in the survey.

d) Field of study

In figure 5, the fields of study of the participants are given. Since the participants of this survey are from University West, we want to know which field each participant belongs to.

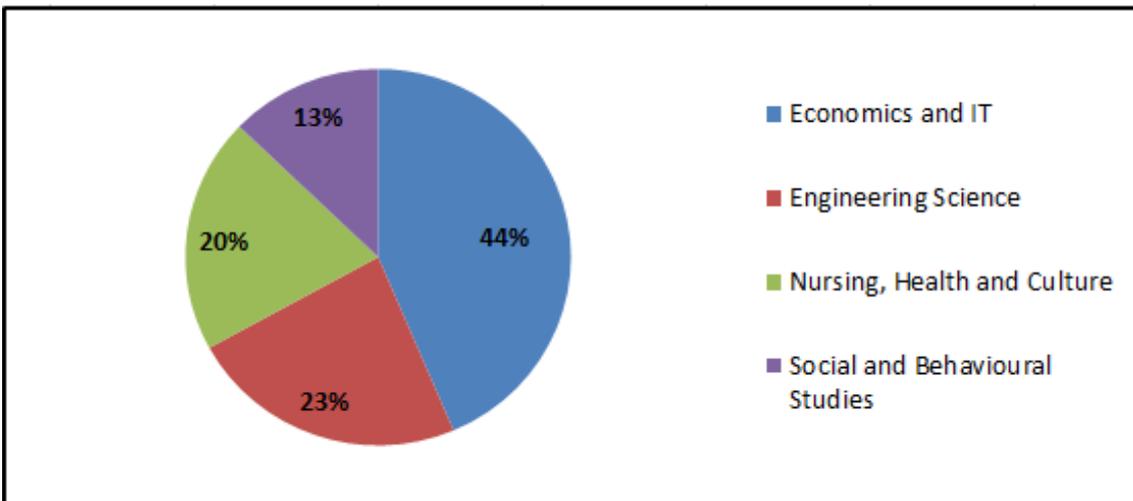


Figure 5: Field of study of respondents in percentage

With 44% of the responses, the majority of the participants belong to the department of Economics and IT. Given that this study is business in nature, it is not surprising to see that most of the participants are from this department. It needs also to be considered that the number of surveyed people of this department is the highest one. Social and Behavioural studies have the lowest share with 13%.

e) Frequencies of attitudes towards offshoring

The next table 9 shows the frequencies of the ATO survey questions. This is the only frequency table presented for a variable itself, as it is needed to calculate the balance point for the analysis.

	Frequency on the 7-item Likert-type scale							Total
	1	2	3	4	5	6	7	
ATO1	1	10	16	26	23	14	4	94
ATO2	2	5	17	34	20	14	2	94
ATO3	1	7	9	36	26	12	3	94
ATO4	16	16	17	14	19	8	4	94
ATO5	20	24	10	20	12	7	1	94
ATO6	3	4	17	32	16	14	8	94
ATO7	2	11	21	32	15	11	2	94
ATO8	1	12	21	31	15	12	2	94

Table 9: Frequency table of ATO

The table shows that the main responses of the participants are centered. However, some ATO survey questions like ATO4 and ATO5 have also a relatively high number of answers on item 1 of the Likert-type scale.

4.2. Descriptive statistics and correlation tables

The following passages provide descriptive statistics and correlation tables for each variable. The correlation tables measure the connection between the individual variables aligned to ATO according to our analysis model. That is why we only present descriptive statistics for ATO.

4.2.1 Attitudes towards offshoring

Table 10 presents the mean, median and mode values of the ATO survey questions. Especially the mean values from this table are used to answer the first research question regarding the Swedish young adults’ attitudes towards offshoring.

		ATO1	ATO2	ATO3	ATO4	ATO5	ATO6	ATO7	ATO8
N	Valid	94	94	94	94	94	94	94	94
	Missing	0	0	0	0	0	0	0	0
Mean		4,26	4,22	4,35	3,47	3,05	4,36	3,94	3,97
Median		4,00	4,00	4,00	3,00	3,00	4,00	4,00	4,00
Mode		4	4	4	5	2	4	4	4

Table 10: Descriptive statistics of ATO

The results show that the mean values are all between 3 and 4.4 whereas the median has the value of 4 for all of the variables. Except ATO4 and ATO5 have a value of 3. It turns out that the mode also has the same values for all, except ATO4 and ATO5 which have 5 and 2 respectively. The ATO4 and ATO5 variables showed different values

compared to the rest of the variables for both the median and mode. ATO5 even has the lowest mean value of all the variables.

4.2.2 Consumer ethnocentrism

The next table 11 shows the descriptive statistics of the CET variables giving mean, median, and mode.

		CET1	CET2	CET3	CET4
N	Valid	94	94	94	94
	Missing	0	0	0	0
Mean		3,48	3,61	3,72	3,36
Median		4,00	4,00	4,00	3,00
Mode		2	5	4	2

Table 11: Descriptive statistics of CET

The results show that the mean values for the variables are between 3.3 and 3.8. The median comes next with CET4 having a value of 3. The other three variables CET1, CET2 and CET3 have a value of 4. The last presented value in this table is the mode. CET1 and CET4 have the lowest value of 2 whereas CET2 and CET3 have 5 and 4 respectively.

The results of the correlation test between the variables of CET and ATO are illustrated in table 12.

		ATO1	ATO2	ATO3	ATO4	ATO5	ATO6	ATO7	ATO8
CET1	Pearson Correlation	,558**	-0,049	-0,114	,685**	0,594	-,035**	,115**	,339**
	Sig. (2-tailed)	,000	0,641	0,274	,000	,000	0,739	0,272	0,001
	N	94	94	94	94	94	94	94	94
CET2	Pearson Correlation	,451**	-0,069	-0,182	,594**	,629**	-0,042	,089**	,306**
	Sig. (2-tailed)	,000	0,509	0,08	,000	,000	0,688	0,393	0,003
	N	94	94	94	94	94	94	94	94
CET3	Pearson Correlation	,476**	-0,110	-0,158	,512**	,491**	-,102**	-0,09	,371**
	Sig. (2-tailed)	,000	0,293	0,128	,000	,000	0,328	0,386	,000
	N	94	94	94	94	94	94	94	94
CET4	Pearson Correlation	,384**	-0,054	-,206*	,587**	,541**	-,095**	,132**	0,337
	Sig. (2-tailed)	,000	0,603	0,046	,000	,000	0,364	0,203	0,001
	N	94	94	94	94	94	94	94	94

Table 12: Correlation test between CET and ATO

Column ATO1, ATO4, ATO5 and ATO8 all show Pearson values from 0.3 to 0.68 with most values being above 0.4 suggesting a rather moderate to strong relationship between these variables. At the same time these variables all have Sig. values lower than .05 which indicates a statistically significant relationship. The results on the other four columns ATO2, ATO3, ATO6 and ATO7 nearly all show values that are lower

than .2 and that is close to 0. This means that consumer ethnocentrism CET1 to CET4 and ATO2, ATO3, ATO6 and ATO7 have either weak or no relationship with each other. They also have Sig. values that are higher than 0.05, suggesting that there is no statistical significance to the values.

4.2.3 Economic threat

This section presents the results from the descriptive statistics and correlation test between ET and ATO. First we give mean, median and mode with table 13.

		ET1	ET2	ET3
N	Valid	94	94	94
	Missing	0	0	0
Mean		3,47	3,99	3,19
Median		3,00	4,00	3,00
Mode		3	5	3

Table 13: Descriptive statistics of ET

The values that are presented in the table show that the mean values for the variables are 3.47, 3.99 and lastly 3.19. The median comes next with two of the variables ET1 and ET3 having a value of 3 and the other variable, ET2 with a value of 4. Lastly, the mode has the value 3 for the variables ET1 and ET3 and 5 for ET2 respectively.

Keeping the same structure for all the variables, next the correlation table between ET and ATO is presented in table 14.

		ATO1	ATO2	ATO3	ATO4	ATO5	ATO6	ATO7	ATO8
ET1	Pearson Correlation	,515**	-0,032	-0,098	,625**	0,639	-,071**	,066**	,423**
	Sig. (2-tailed)	,000	0,761	0,347	,000	,000	0,499	0,525	,000
	N	94	94	94	94	94	94	94	94
ET2	Pearson Correlation	,668**	0,074	-0,015	,566**	,576**	0,187	-,016**	,402**
	Sig. (2-tailed)	,000	0,476	0,883	,000	,000	0,071	0,875	,000
	N	94	94	94	94	94	94	94	94
ET3	Pearson Correlation	,501**	,014	-0,134	,665**	,574**	-,078**	0,100	,403**
	Sig. (2-tailed)	,000	0,999	0,198	,000	,000	0,453	0,335	,000
	N	94	94	94	94	94	94	94	94

Table 14: Correlation test between ET and ATO

The results of this table considerably match the results from the previous table. It shows Pearson correlation values that are higher than .4 for ATO1, ATO4, ATO5 and ATO8 indicating a strong relationship with CET. The variables also have Sig. values lower than .05 which also means that the relationship is statistically significant between the variables. The rest of the variables of offshoring ATO2, ATO3, ATO6 and ATO7 all show values that are lower than .2 and that is close to 0 with Sig. values higher than .05. This means that ET1 to ET3 and ATO2, ATO3, ATO6 and ATO7 have no or a weak relationship and are therefore not statistically significant.

4.2.4 Quality belief

The last variable is the quality belief with the descriptive statistics data provided in table 15.

		QB1	QB2	QB3	QB4
N	Valid	94	94	94	94
	Missing	0	0	0	0
Mean		4,78	4,86	4,74	4,56
Median		5,00	5,00	5,00	5,00
Mode		4	5	5	5

Table 15: Descriptive statistics of QB

The values that are presented in the table show that the mean value for the variables QB1 and QB3 is around 4.7 whereas QB2 has 4.86 and QB4 has 4.56. The median values are all the same for the four QB variables with a value of 5. Lastly, three of the variables, QB2, QB3 and QB4 have the mode value of 5 while the QB1 variable has the value of 4.

The result of the correlation test between QB and ATO is presented in table 16.

		ATO1	ATO2	ATO3	ATO4	ATO5	ATO6	ATO7	ATO8
QB1	Pearson Correlation	,314**	-0,031	-0,027	,369**	0,336	,202**	,127**	,179**
	Sig. (2-tailed)	0,002	0,769	0,798	,000	0,001	0,051	0,224	0,084
	N	94	94	94	94	94	94	94	94
QB2	Pearson Correlation	,292**	0,089	0,118	,320**	,255**	0,256	,178**	,241**
	Sig. (2-tailed)	0,004	0,393	0,257	0,002	0,013	0,013	0,085	0,019
	N	94	94	94	94	94	94	94	94
QB3	Pearson Correlation	,291**	0,003	0,1	,347**	,298**	,136**	0,162	,326**
	Sig. (2-tailed)	0,004	0,98	0,335	0,001	0,003	0,19	0,119	0,001
	N	94	94	94	94	94	94	94	94
QB4	Pearson Correlation	,284**	-0,006	0,122	,357**	,375**	-,055**	,105**	0,144
	Sig. (2-tailed)	0,006	0,951	0,241	,000	,000	0,602	0,313	0,165
	N	94	94	94	94	94	94	94	94

Table 16: Correlation test between QB and ATO

The ATO1 to ATO8 variables nearly all have low correlation values with the QB1 to QB4 variables. Most of the variables have lower values than the acceptable limit of 0.3. Except for ATO4 variable which correlates with QB1 to QB4 with Pearson values higher than 0.3 suggesting a moderate relationship. ATO5 shows the same correlation values higher than 0.3 with QB1 and QB4. Lastly, ATO8 has a correlation value 0.32 with QB3. These variables are the only variables that have correlation values that indicate any relationship between QB and ATO. The Sig. values for these mentioned variables are all below the acceptable limit of 0.05. The rest of the variables have very

low correlation values suggesting no or weak relationship and also have high Sig. values and therefore are not statically significant.

4.3. Cronbach's Alpha reliability test

As discussed in the methodology chapter, Cronbach's alpha was calculated using SPSS in order to establish reliability. The results from that test are presented in table 17 which shows both the variables and their Cronbach's alpha values.

Variable	Cronbach's Alpha
ATO	.658
CET	.860
ET	.847
QB	.806

Table 17: Reliability test

The table shows that the Cronbach's alpha values for the variables are above the limit of 0.8 with values, 0.860 (CET), 0.847 (ET) and 0.806 (QB) and are therefore accepted as reliable. These variables are reliable and therefore can be used again at another time to measure the same thing. The ATO variable on the other hand has a value of 0.658 which is below the limit we decided on in the first instance. However, some authors like for example Peterson (1994) consider 0.6 to be the limit of exclusion and therefore any values above that to be acceptable. Therefore we consider also ATO as reliable but we want to point out that the value is quite lower compared to the other variables.

4.4. Summary of the empirical data

To complete the chapter we want to highlight the major empirical evidence by summarizing them into a few sentences. First we provided some tables showing frequencies that were relevant for this research, as well graphs to demonstrate the demographic factors. It showed that 94 responses were suitable for further analysis, from which the major share was female, and Economics and IT students. We presented the descriptive statistics and correlation tables of three variables. The mean, median and mode of the individual variables have shown that the young Swedish adults are slightly consumer ethnocentric, tend to feel less exposed to economic threat and have a comparatively strong belief towards Swedish product quality. The correlation tables have shown that CET and ET have a positive relationship with ATO whereas QB does not.

5. Analysis

In this chapter the results of the data analysis are presented. The empirical evidence from the prior chapter is analyzed in order to answer the research questions and cover the problem area. In addition the results are connected with the theory of the literature review and complemented with the author's interpretation. The analysis part still uses variable names as we refer to graphs and correlation tables where they are also evident. However, as a form of decoding we provide the survey questions next to the variable names for a better understanding.

First, descriptive statistics and the frequencies of the ATO variables are analyzed to establish understanding of the gathered data and to answer research question number one, regarding the determination of the *attitudes of Swedish young adults towards offshoring*. Then the three correlation tables are discussed in order to identify *the factors which do underlie Swedish young adults' attitudes formation towards offshoring* addressed with research question number two. The variables are discussed in the order specified of the analysis model.

5.1. Attitudes of Swedish young adults towards offshoring

In the prior sections we discussed that the consumers' attitudes towards offshoring can have different impacts on a company's performance and success. If the consumers have negative attitudes towards offshoring they might take actions against a firm with offshoring activities, like the resignation to buy its products (Grappi, Romani & Bagozzi, 2013). Out of this reason it is valuable to know the consumers' attitudes towards offshoring. In our case, we studied the attitudes of Swedish young adults towards offshoring as addressed in research question number one.

As indicated in the questionnaire construction, the survey questions ATO1 to ATO8 together add up the variable attitudes towards offshoring. Therefore they are subject of the analysis in order to answer the first research question. It is essential to identify tendencies, patterns and beliefs of the Swedish young adults' attitudes towards offshoring. Therefore, we illustrated ATO1 to ATO8 in form of two different line diagrams, using the balance point and the mean values of the individual ATO survey questions.

The balance point approach is composed of eight different values. A positive value means for example that the respondents are positive towards the asked question. Utilizing the mean values, also known as the arithmetic average, is a more common measure. However, the balance point approach also provides a clear insight. That is why we chose to demonstrate both approaches and combine them into one figure 6. It allows us to discuss and compare the outcome and get a particular understanding of the big picture.

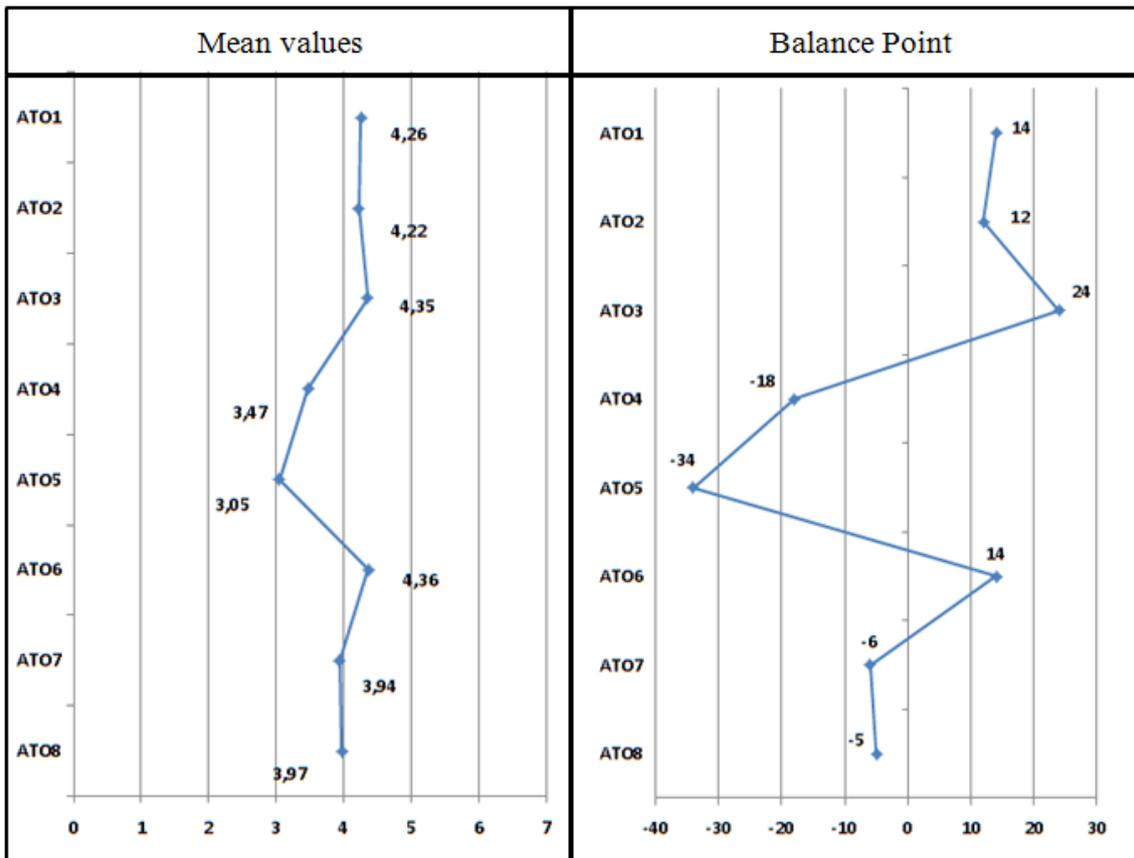


Figure 6: Mean and balance point values of ATO

As we can see from the balance point, the distribution of answers of the individual questions is quite dispersed. It shows that there are both quite positive and negative values, as well as almost neutral ones. So it is quite difficult to identify a pattern in the responses of the individual questions. ATO3 (Offshoring is necessary for our business to survive) and especially ATO5 (I am extremely bothered over offshoring to foreign countries) can be considered as slight outliers, as these values are out of the range of -20 to 20. However, their values are counterbalanced with the values of the remaining sub-variables leading to a more neutral position. Same is valid for the mean values of the answers which without doubt reveal a neutral picture. All values are more or less located near the arithmetic average value of 3.5 and there is no extreme outlier observable which is out of the margin from 3 to 4.5. Especially the mean values give information about the overall pattern of responses regarding the attitudes towards offshoring of the young Swedish adults. Having analyzed the gathered data and consider the line of arguments, we come to the conclusion that the Swedish young adults, represented through the sample of students, share overall neutral attitudes towards offshoring.

It is difficult to compare our concluding results with other studies. First of all there is sparse research in this subject area and almost no studies are addressing the same or similar issues like we did. As there is no study available about the Swedish consumers' attitudes towards offshoring, we have to look into other countries. Our findings differ slightly from other studies but we have to keep in mind that other studies used different samples, additional predictor variables, different tests etc. that makes comparisons a little bit less meaningful. However, Durvasula and Lysonski (2008) performed a similar study in the U.S. and argue that the U.S. consumers are having relatively favorable

attitudes towards offshoring. Thelen and Shapiro (2012, p. 188) focus on service offshoring and argue that “American consumers are less than enthusiastic about the prospect of services offshoring and are willing to change the way they relate with a company that adopts an offshore strategy.”

Now we will have a look at the individual survey questions. The similar questions are discussed together, so the sequence deviates from the survey construction. Both line diagrams show that the subjects in our sample are of the opinion that offshoring takes jobs away from Sweden as we can see from the position of ATO1. This result is not surprising as offshoring in general is made responsible to be one of the principal reasons for job loss (Greishecker, Riedl & Frijters, 2012). The persons of the studied sample adopt a neutral position to the statement “It is extremely important to me that firms do not offshore jobs”, according to the mean of ATO4 with the value of 3,47. The balance point to this question however shows that it is not extremely important to them to keep jobs in the country with a relatively surprising value of -18. ATO4 shows that the comparison of the two approaches is very valuable for the interpretation of the results as those two job loss questions contradict each other. Some researchers argue that offshoring relocates workers and local people find new employment in higher value-added jobs (Farrell, 2005) and is therefore not responsible for the high unemployment rates (Mitra & Ranjan, 2010). However, with our findings we cannot testify this issue but we identified the Swedish young consumers’ attitudes towards it.

In spite of the issue about job loss, the majority of respondent think that offshoring is good for the economy in the long run based on the results of ATO2. They also especially agree that it is necessary for the Swedish businesses to survive, as highlighted with ATO3. This mirrors the statements of other researchers that offshoring should be seen as an opportunity for the nation’s businesses, shareholders and especially consumers (Farrell, 2005). ATO5 shows the strongest deviation from the average value. That means that people participating in the survey explicitly indicated that they are not extremely bothered over offshoring to foreign country which can be seen from the remarkable negative balance point value of -34. We share the opinion that the subjects of the sample are aware that companies need to offshore in order to stay competitive and tap the full potential of the firm. This topic is up for discussion on a regularly basis, either in politics, in business community or in educational institutions. The young adults are confronted with the matter and they are also grown up in a globalized world where international trade is seen as a matter of course.

Furthermore, ATO6 of both line diagrams shows that the majority thinks that Swedish consumers benefit from reduced prices as offshoring provides opportunities for the companies based in Sweden. We believe that consumers are of this opinion as companies get access to cheap labor through offshoring and are able to reduce costs. In literature it is argued that the effects and the forwarding of the cost advantage to the consumers are still unknown (Olsen, 2006). The balance point of ATO8 indicates that the Swedish young adults participating in the survey have almost a neutral opinion towards the statement that offshoring is responsible for the stagnation of domestic wages. The mean value of ATO8 however indicates that they do think to some small extent that offshoring can be made responsible for this matter. Also prior research on this issue could not come up with a congruent position as some studies suggest that offshoring is responsible for wage suppression and others argue that it gives the companies the chance to raise domestic wages (Gertler, 2009; Freeman, 1995).

Robertson, Lamin and Livanis (2010) argue that consumers attach more importance to the issue of product and service quality than to the issue of job loss. In our study, the persons have a relatively neutral view about the statement that the quality of products and services will be increased through offshoring, as the Swedish companies get access to skilled workers and knowledge. This is underlined by the little negative value of -6 of the survey question ATO7 in the balance point line diagram in contrast to the small positive value of the mean to this question. In our opinion this result is based on the general view that the quality of Swedish products and services is excellent or rather superior. This can be seen from our descriptive statistics of the survey questions QB1 to QB4. Sweden has also one of the best education systems worldwide and skilled workers. So they have already the requirements to produce high-quality products and offer qualitative services. Therefore young Swedish adults do not think that offshoring is needed to gain talents and knowledge.

5.2. Factors underlying attitudes formation towards offshoring

Before going deeper into this subchapter and discuss the factors that underpin offshoring, we thought to give some interpretation of the results presented in the previous chapter that applies to them all. In the results, we noticed that the correlation results could be categorized into two different groups – one group that shows positive relationship with the attitudes towards offshoring variables and the group that has no or rather weak relationship.

1) Positive relationship (ATO1, ATO4, ATO5 and ATO8)

2) No/Weak relationship (ATO2, ATO3, ATO6 and ATO7)

We also identified the reason to explain this matter. When we constructed the questionnaire, we had eight ATO variables to test the attitudes towards offshoring. In order not to seem leading the responses, we designed it in the way to have both four rather positive and four rather negative questions regarding the strategy of offshoring. Now, we discovered that the grouping of the results comes from the questions themselves.

The negative questions regarding offshoring belong to the group that has a positive relationship with the other variables (CET, ET and QB). On the other hand, the positive formulated questions belong to the group with the results that have to be disregarded due to low values and are therefore not discussed in detail.

a) Discussion of correlation between consumer ethnocentrism and attitudes towards offshoring

In the previous correlation table 12 we observed that the CET variables have a statistically significant relationship with ATO1 (Offshoring takes jobs away from Sweden), ATO4 (It is extremely important to me that firms do not offshore jobs), ATO5 (I am extremely bothered over offshoring to foreign countries) and ATO8 (Offshoring is responsible for the stagnation of domestic wages) while the other offshoring variables ATO2 (Offshoring is good for our economy in the long run), ATO3 (Offshoring is necessary for our business to survive), ATO6 (Swedish consumers' benefit from reduced prices as offshoring provides opportunities for Swedish companies) and ATO7 (The quality of products and services will increase through offshoring as Swedish companies get access to skilled workers and knowledge) do not have a statistically

significant relationship. This is explained by the fact that the ATO variables that have a statistically significant relationship with CET are the four variables that are portraying negative views on offshoring. The other four variables of ATO that have no relationship with CET are the variables that are portraying it in a positive manner.

This strong relationship between CET and ATO only occurs when there is a negative attitude towards offshoring. This tells us that students that are highly ethnocentric could very well have negative attitude towards offshoring. Durvasula and Lysonski (2009) noted that offshoring is indeed affected by consumer ethnocentrism. This means that the CET variables do explain the formation of the attitudes towards offshoring. In addition, the results of this study show that their correlation results in the formation of negative attitudes towards offshoring.

Nonetheless, the descriptive statistics show that the students are not highly ethnocentric. Josiassen, Assaf and Karpen (2011) had results which indicated that older consumers were more ethnocentric than younger people. This could explain why our sample was not highly ethnocentric since we addressed the group of young adults.

Although they are not highly ethnocentric, it does not mean that they are not entirely ethnocentric in their views. However, what being ethnocentric means differs as well because different researchers have different views towards it. Some researchers believe that consumer ethnocentrism explains the peoples' negative bias against foreign products because of the damage towards their country (Shimp & Sharma 1987; Tsai, Song & Lee, 2013). The other view is that consumer ethnocentrism does not explain the peoples' negative bias against foreign products but instead the positive bias towards their home products (Balabanis & Diamantopoulos, 2004; Evanschitzky, et al., 2008). We believe that the Swedish people fit into the latter group that has positive bias towards their domestic products due to their neutral attitude towards offshoring.

b) Discussion of correlation between economic threat and attitudes towards offshoring

The correlation table 14 presents results that match with what we observed in the previous section, that there is a connection between CET and ATO. The variables that have negative views on offshoring ATO1 (Offshoring takes jobs away from Sweden), ATO4 (It is extremely important to me that firms do not offshore jobs), ATO5 (I am extremely bothered over offshoring to foreign countries) and ATO8 (Offshoring is responsible for the stagnation of domestic wages) have a statistically significant relationship with the ET variables. The other four variables ATO2 (Offshoring is good for our economy in the long run), ATO3 (Offshoring is necessary for our business to survive), ATO6 (Swedish consumers' benefit from reduced prices as offshoring provides opportunities for Swedish companies) and ATO7 (The quality of products and services will increase through offshoring as Swedish companies get access to skilled workers and knowledge) that portrayed it in a positive light do not have a significant relationship with the economic threat variables.

The variables ATO1 (Offshoring takes jobs away from Sweden), ATO4 (It is extremely important to me that firms do not offshore jobs), ATO5 (I am extremely bothered over offshoring to foreign countries) and ATO8 (Offshoring is responsible for the stagnation of domestic wages) have the highest values for Pearson correlation with ET1 (The poor economic growth is due to the extensive amount of foreign competition), ET2 (The

security of job/business is heavily influenced by foreign competitors) and ET3 (Economic problems are mainly due to excessive foreign competitors) indicating the strongest relationships between these variables. Nearly all the values are about .5 which indicates a rather good positive relationship. ATO8 (Offshoring is responsible for the stagnation of domestic wages) has lower values with ET1 (The poor economic growth is due to the extensive amount of foreign competition), ET2 (The security of job/business is heavily influenced by foreign competitors) and ET3 (Economic problems are mainly due to excessive foreign competitors) but above .4 which also means a moderate positive relationship. This tells us that economic threat most likely has the greatest effect on the formation of the attitudes towards offshoring since it shows the highest values for most of the variables.

The students that perceive high economic threat from foreign countries will most likely have negative attitudes towards offshoring. Sharma, Shimp & Shin (1995) even argue that economic threat has a significant influence on consumers' attitudes towards imports. It would not be a major leap to assume the same with offshoring, even though our results basically indicate that. It is also easy to comprehend as the belief that foreign countries are an economical threat to us should also result in the view that offshoring is not good for our country's economy. This means that the ET variable has an affect and does explain the formation of the attitudes towards offshoring.

c) Discussion of correlation between quality beliefs and attitudes towards offshoring

The results of correlation table 16 differ from the previous two correlation tables. This is the first of the three variables that does not have acceptable values to indicate a positive relationship. Both the variables QB and ATO do not have any strong relationship. Nearly all of the values are so low that they have to be disregarded. ATO4 (It is extremely important to me that firms do not offshore jobs) is the only variable that has acceptable Pearson values that are above 0.3 indicating a weak relationship with QB1 (Products made by Swedish companies are carefully produced and have fine workmanship), QB2 (Products made by Swedish companies show a very high degree of technological advancement), QB3 (Products made by Swedish companies are usually quite reliable and seem to last the desired length of time) and QB4 (Products made by Swedish companies are usually good value for the money). The three other variables are also slightly higher than the limit of exclusion but only in relation to some of the QB variables. These related variables are ATO1 (Offshoring takes jobs away from Sweden) with QB1 (Products made by Swedish companies are carefully produced and have fine workmanship), ATO5 (I am extremely bothered over offshoring to foreign countries) with QB 1 (Products made by Swedish companies are carefully produced and have fine workmanship) and QB4 (Products made by Swedish companies are usually good value for the money) as well as ATO8 (Offshoring is responsible for the stagnation of domestic wages) with QB3 (Products made by Swedish companies are usually quite reliable and seem to last the desired length of time).

The interesting thing here is that even though the two variables ATO and QB have no strong relationship, the grouping of the results is also evident here. The table shows that even with such low values, the positive offshoring variables ATO1 (Offshoring takes jobs away from Sweden), ATO4 (It is extremely important to me that firms do not offshore jobs), ATO5 (I am extremely bothered over offshoring to foreign countries) and ATO8 (Offshoring is responsible for the stagnation of domestic wages) nearly have

higher values than all the negative ones which are ATO2 (Offshoring is good for our economy in the long run), ATO3 (Offshoring is necessary for our business to survive), ATO6 (Swedish consumers' benefit from reduced prices as offshoring provides opportunities for Swedish companies) and ATO7 (The quality of products and services will increase through offshoring as Swedish companies get access to skilled workers and knowledge).

The lack of a significant relationship between QB and the ATO is surprising as we believed that there would indeed be a stronger relationship. This however presents a more interesting view since this means that the quality belief variable is not a major factor in explaining the formation of young Swedish adults' attitudes towards offshoring unlike the previous two variables we have encountered.

However, the descriptive statistics show that the students agree with the strength of the domestic products indicated by high mean values. This is another issue that differs this variable from the other two variables. They have a somewhat low mean values indicating low ethnocentricity and low economic threat perception. This variable on the other hand has high mean values indicating a high quality belief. This could mean that even though they would prefer domestic products over the foreign products, they still do not believe offshoring is a negative thing since it does not affect the attitudes towards it.

This contradicts with the view that many authors have regarding that quality belief is the number one perceived risk when offshoring is involved (Lewin & Peeters, 2006; Chakrabarty & Conrad, 1995). According to our sample of students, the quality belief variable is not a major factor in the formation of the attitudes towards offshoring. The fact that this variable was tested in this study with product quality could explain these results since other studies such as the study of Durvasula & Lysonski (2009) dealt with the quality of services. The sample size could also be another explanation for the results.

6. Conclusion, limitations and further research

The picture of business operations is characterized by offshoring. The integration of offshoring as a part of a company's strategy is likely to grow rather than to shrink (Benito et al, 2013). Offshoring in this thesis refers to both, offshoring and offshore outsourcing according to the framework of Robertson, Lamin & Livanis (2010). The central elements are the sourcing of production parts or services from intra-firm or foreign suppliers as well the movement to foreign locations.

Media has raised the concern about offshoring and its facets and made the public aware of it. Some economists highlight that offshoring will benefit all parties as it is the latest form of international trade. However, some concerns about it are legitimate, especially related to the public and consumers (Levy, 2005). Offshoring with all its benefits and risks has implications for strategic and day-to-day management (Ellram, Tate & Billington, 2007).

This study examines the consumers' attitudes towards offshoring by focusing on the group of Swedish young adults. It is a promising area of research and provides valuable findings for theory and practice. Our research first provides the theoretical basis with the developed framework, including survey questions for the main variables underlying the Swedish young adults' attitudes formation towards offshoring. After conducting the literature review on the previous research we decided to focus on three factors that we believed were the main factors that affect the attitudes towards offshoring. These factors were consumer ethnocentrism, economic threat and quality belief.

We conducted an online survey to gather primary data in order to answer the research questions and cover the problem area addressed in this thesis. Subjects of the survey were the population of students of University West from which a sample was drawn. The first research question addressed the attitudes of young Swedish adults towards offshoring. This question was answered by analyzing the gathered data by the visualization of descriptive statistics, especially through the balance point approach and the mean values of the ATO questions. We arrived at a conclusion that Swedish young adults have a rather neutral attitude towards offshoring.

Our research makes an empirical contribution to the literature as there are almost no studies available addressing this topic. It has also managerial and practical implications. The study revealed that the overall attitudes of the young Swedish adults towards offshoring are quite neutral. It is important to note that this does not mean that companies do not need to consider Swedish consumers perceptions. It is quite the opposite because this means that anything could sway their opinions to have negative attitudes towards offshoring. So companies need to aware of their perceptions and be willing to deal with it. Nonetheless, our study showed that some factors are perceived as negative which especially have to be considered. Thelen & Shapiro (2012, p. 193) point out that: "management must consider image and public relations before adopting an offshore strategy. They need to assess consumer perceptions and related attitudes. Communications with consumers should focus on reducing negative perceptions and highlighting potential advantages." We agree with this statement and recommend managers to communicate the facts before carrying out offshoring activities. This should be done primarily if there is a cut in jobs even our two job loss questions are

conflicting. On the other hand, young Swedish adults were not bothered that companies offshore and they think that offshoring is necessary for the Swedish businesses.

The second research question addressed the factors which do underlie the formation of the attitudes towards offshoring which was then answered with the analysis of the correlation test conducted on the variables. The conclusion from the analysis was that the two factors, consumer ethnocentrism and economic threat, did have an impact on the formation of the attitudes towards offshoring, especially a negative one. The quality belief variable did not have the impact that we believed it would have as it had no relationship with attitudes towards offshoring. These findings also have managerial implications. Companies should try to take actions to reduce consumer ethnocentricity and economic threat since they had the most impact on the formation of attitudes towards offshoring. This could lead to more favorable attitudes towards offshoring and in turn benefits everyone.

Durvasula & Lysonski (2009) argue that belief about quality services does have an impact on the attitudes towards offshoring which contradicts with what we discovered. This could be for many different reasons, especially the fact that we had a small sample and low response rate and could have had different outcome if not for that. Nevertheless, from our results we can conclude that consumer ethnocentrism and economic threat have a significant impact on the attitudes formation. This coincides with the results from the study of Durvasula & Lysonski (2009). They even argue that high ethnocentricity and economic threat will lead to negative attitudes towards offshoring which we also learned from our research.

Finally, we discuss the limitations of our gathered data and offer implications for the future research agenda on further aspects which are not covered with this research. First of all it is extremely important to address the issue of generalizing the data and results gathered from the chosen sample. As the studied sample was quite restricted and the response rate unsatisfactory we act with caution in giving evidence for young Swedish adults. Doing the study in different parts in Sweden would probably result in different outcomes. Therefore we want to highlight this as primary limitation. In addition, we did not consider differentiating the findings based on age. A very small number of students in Sweden are 'older' people and might be included in the sample.

In our analysis, we focused on three main variables namely consumer ethnocentrism, quality beliefs and economic threat. The widely discussed issue about job loss was covered and subsumed with the variables of consumer ethnocentrism and economic threat. However, different authors use additional variables and undertake a more detailed classification. Further research should take this into consideration and add additional variables underlying the formation of consumers' attitudes towards offshoring or even identify new key forces that shape offshoring attitudes.

An additional limitation of this study is that our research did not address and consider certain matters like sourcing of products and services with high brand loyalty, ethical or green and eco-friendly issues related to offshoring. Such aspects would probably have a different impact on the attitudes formation towards it. Also the differentiation between product and service offshoring might have resulted in different findings and can be subject for further research.

As indicated in the literature, students are the most suitable group to be studied in terms of the generalization to young adults. However, future research may reflect also samples with other educational background or blue collar workers. This study identifying the attitudes of young adults' attitudes towards offshoring in Sweden could also be replicated for other countries in order to make the local business community aware of the domestic consumers' attitudes towards offshoring and its connected implications.

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Appendix 1: Questionnaire

Offshoring Attitudes

Page 1

Dear student,

Thank you for taking part in this online survey. We are two International Business students doing our master thesis and would appreciate your contribution. Your feedback will provide us with the necessary data to help us determine the young adults' attitude towards offshoring* in Sweden. Therefore your responses are vital to us. This survey should not take longer than 5-10 minutes. All your responses are voluntary and we guarantee that they will be kept confidential.

*Offshoring in this study addresses the issue of Swedish companies moving certain operation activities to a foreign location and sourcing products/services from both, intra-firm and foreign suppliers.

Page 2

Gender: *

- Male
- Female

Page 3

My nationality is Swedish: *

- Yes
- No

Page 4

What is your field of study? *

- Economics and IT
- Engineering Science
- Nursing, Health and Culture
- Social and Behavioural Studies

Page 5

To which extent do you agree/disagree with the following statements?

	Strongly Disagree	2	3	4	5	6	Strongly Agree
1) There should be very little trading or purchasing of goods/services from other countries unless out of necessity.	<input type="radio"/>						
2) Swedish people should always buy Swedish-made products.	<input type="radio"/>						
3) We should purchase products manufactured in Sweden instead of letting other countries get rich off us.	<input type="radio"/>						

4) Swedes should not buy foreign products, because this hurts Swedish business and causes unemployment.	<input type="radio"/>						
5) The poor economic growth is due to the extensive amount of foreign competition.	<input type="radio"/>						
6) The security of a job/business is heavily influenced by foreign competitors.	<input type="radio"/>						
7) Economic problems are mainly due to excessive foreign competitors.	<input type="radio"/>						
8) Products made by Swedish companies are carefully produced and have fine workmanship.	<input type="radio"/>						
9) Products made by Swedish companies show a very high degree of technological advancement.	<input type="radio"/>						
10) Products made by Swedish companies are usually quite reliable and seem to last the desired length of time.	<input type="radio"/>						
11) Products made by Swedish companies are usually good value for the money.	<input type="radio"/>						
12) Offshoring takes jobs away from Sweden.	<input type="radio"/>						
13) Offshoring is good for our economy in the long run.	<input type="radio"/>						
14) Offshoring is necessary for our business to survive.	<input type="radio"/>						
15) It is extremely important to me that firms do not offshore jobs.	<input type="radio"/>						
16) I am extremely bothered over offshoring to foreign countries.	<input type="radio"/>						
17) Swedish consumers' benefit from reduced prices as offshoring provides opportunities for Swedish companies.	<input type="radio"/>						
18) The quality of products and services will increase through offshoring as Swedish companies get access to skilled workers and knowledge.	<input type="radio"/>						
19) Offshoring is responsible for the stagnation of domestic wages.	<input type="radio"/>						

Appendix 2: Reminders

Reminder 1

Hey,

It's Abdikadar and Stefan again and we're sending you this email to ask if you could remind the students during class tomorrow about the survey because we still have the low response rate. I know you mentioned this when we talked to you at your office last week and this is just to remind you and give you the link to the survey. Thank you for the help.

<https://www.esurveycreeator.com/s/7488f1c>

Best regards,
Abdi & Stefan

Reminder 2

Hey,

It's us Stefan and Abdi and we're sorry to bother you again but we really need your help. We are sending you this email as a final reminder to participate in our survey which is about attitudes towards offshoring. We are suffering from low response rates and need your feedback. For your information, the survey will be closed on Wednesday. It should not take you longer than 5-10 minutes. So, kindly click the link below and save us.

<https://www.esurveycreeator.com/s/7488f1c>

Please note that all information provided will be confidential. We sincerely thank you for your time, effort, and contribution to our master thesis and look forward to learning more about this topic reading your opinions.

Best regards,
Abdi & Stefan



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