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Reconfiguring Global Manufacturing: Reshoring, Nearshoring, and Digital Supply Chain Resilience in a Post-Pandemic Political Economy

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A R T I C L E I N f O

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A B S T R A C T

This study develops a comprehensive theoretical and empirical synthesis of reshoring and nearshoring in the post-pandemic global economy, integrating insights from supply chain resilience theory, global value chain analysis, digital transformation literature, and political risk scholarship. Drawing exclusively upon a curated body of academic research, industry reports, and policy analyses, this research advances a multi-dimensional framework explaining why firms are reconfiguring manufacturing location decisions away from traditional offshore hubs toward domestic and regional production ecosystems. The study addresses three interrelated research questions: (1) How have risk, resilience, and total cost considerations evolved in reshoring decision-making? (2) What role do digital technologies, regulatory regimes, and workforce capabilities play in reshoring outcomes? (3) How does nearshoring—particularly in the Americas—mediate between globalization and deglobalization pressures? Methodologically, the research employs qualitative meta-synthesis, policy analysis, and conceptual integration grounded in supply chain resilience theory, total cost of ownership frameworks, political risk metrics, and digital manufacturing models. Findings suggest that reshoring is not a simplistic retreat from globalization but a structural recalibration driven by systemic risk exposure, digital manufacturing maturity, labor cost convergence, and policy incentives such as the CHIPS Act. The analysis further demonstrates that resilience and competitiveness are complementary rather than contradictory objectives when mediated through advanced manufacturing technologies and collaborative governance mechanisms. Nearshoring to Mexico and Latin America emerges as a strategic intermediate configuration balancing cost efficiency, geopolitical risk mitigation, and regional integration. The study contributes a unified Resilient Production Reconfiguration Model (RPRM) that integrates economic, technological, regulatory, and institutional determinants. Implications for theory, managerial practice, and public policy are discussed in depth, alongside limitations and future research directions.

Keywords: Reshoring; Nearshoring; Supply Chain Resilience; Digital Manufacturing; Political Risk; Global Value Chains; Post-Pandemic Strategy

INTRODUCTION

The organization of global manufacturing has entered a period of profound structural reconsideration. For over four decades, firms systematically dispersed production across geographically distant locations to exploit wage differentials, scale efficiencies, and trade liberalization (Tate et al., 2014; Suder et al., 2015). This globalization model, grounded in lean production principles and just-in-time logistics, privileged cost minimization and network optimization under assumptions of relative geopolitical stability and uninterrupted transportation flows. However, successive disruptions—including the COVID-19 pandemic, geopolitical tensions, trade policy uncertainty, and increasing natural disasters—have destabilized this paradigm (Shih, 2020; Strange, 2020).

The pandemic represented a critical inflection point. Lockdowns, border closures, labor shortages, and logistics bottlenecks exposed structural fragilities embedded within global value chains (Strange, 2020; Shih, 2020). Empirical surveys indicate that supply chain executives re-ranked resilience and agility as top strategic priorities in the post-pandemic era (Supply Chain Executive Survey, 2022). Concurrently, disruption analytics revealed heightened frequency and severity of regional shocks affecting key manufacturing hubs (Supply Chain Risk Analytics Database, 2022). The result has been renewed interest in reshoring—the relocation of previously offshored manufacturing back to the home country—and nearshoring—the relocation to geographically proximate countries within regional trade blocs (Stentoft et al., 2018; Hartman et al., 2017).

Reshoring is not an entirely new phenomenon. Earlier scholarship conceptualized backshoring as a corrective response to hidden costs, coordination challenges, and quality concerns underestimated during offshoring waves (Stentoft et al., 2018). The Reshoring Initiative's total cost of ownership model emphasized the inclusion of logistics, inventory carrying costs, quality control, intellectual property risk, and supply disruption exposure in location decisions (Moser, 2011). Yet contemporary reshoring differs in scope and strategic rationale. It is increasingly framed as a resilience-enhancing and innovation-supporting strategy, enabled by digital manufacturing technologies, automation, and advanced analytics (Manufacturing Leadership Council, 2022; Attaran, 2020).

Simultaneously, political economy considerations have intensified.

Government interventions such as the CHIPS Act have provided targeted incentives for domestic semiconductor production, reflecting concerns about national security and technological sovereignty (Semiconductor Industry Association, 2022). Political risk assessments and regulatory regimes have become integral to location strategy evaluation (Political Risk Services, 2022; Regulatory Affairs Professional Society, 2022). The interplay between corporate strategy and state policy has thus grown more explicit.

Despite this growing body of literature, significant theoretical gaps persist. First, reshoring research often remains fragmented across cost analysis, resilience theory, and policy studies without integrative synthesis. Second, the distinction between resilience and robustness—conceptually elaborated by Miroudot (2020) and Ponomarov and Holcomb (2009)—is seldom operationalized within location decision frameworks. Third, digital transformation is frequently treated as an enabling backdrop rather than as a structural variable reshaping cost and coordination equations (Manufacturing Leadership Council, 2022; Lu & Xu, 2019). Fourth, nearshoring in Latin America, particularly Mexico's emergent role, remains under-theorized in mainstream supply chain scholarship despite mounting empirical evidence (Bravo, 2022; Jayashankar & Torres, 2023; Goodman, 2023).

This research addresses these gaps by developing a comprehensive theoretical model that synthesizes economic, technological, regulatory, and institutional determinants of reshoring and nearshoring. By integrating total cost of ownership frameworks (Moser, 2011), political risk metrics (Political Risk Services, 2022), resilience conceptualizations (Ponomarov & Holcomb, 2009; Rose & Liao, 2005), and digital manufacturing enablers (Attaran, 2020; Lu & Xu, 2019), the study advances a unified explanation of production reconfiguration in the contemporary global economy.

The central argument advanced here is that reshoring and nearshoring represent not deglobalization but strategic regionalization—a recalibration of global value chains toward configurations that optimize resilience, innovation capacity, and geopolitical stability alongside cost competitiveness. This recalibration is mediated by digital technologies, policy interventions, labor cost convergence, and evolving consumer expectations for responsiveness and sustainability (Product Development and

Management Association, 2022; Oxford Economics, 2022).

The remainder of this article proceeds by detailing the methodological approach, presenting descriptive findings derived from integrated literature synthesis, interpreting theoretical implications, and outlining policy and managerial recommendations.

METHODS

This study employs a qualitative meta-synthesis methodology grounded exclusively in the provided references. The methodological approach combines systematic literature integration, policy analysis, and conceptual modeling to construct a comprehensive theoretical framework explaining reshoring and nearshoring dynamics.

The first phase involved thematic categorization of the references into six analytical domains: (1) global value chains and resilience theory; (2) cost and economic analysis; (3) digital transformation and manufacturing technology; (4) political and regulatory environment; (5) empirical industry and survey data; and (6) regionalization and nearshoring in the Americas. Foundational theoretical constructs were derived from supply chain resilience literature (Ponomarov & Holcomb, 2009; Rose & Liao, 2005; Miroudot, 2020), while empirical grounding was drawn from industry surveys and benchmarking studies (Manufacturing Performance Institute, 2022; Supply Chain Resilience Survey, 2022).

Second, conceptual integration was guided by total cost of ownership theory (Moser, 2011) and extended through Hartman et al.'s (2017) critique that location decisions must move beyond purely financial calculations toward strategic alignment considerations. Political risk data were incorporated using insights from the International Country Risk Guide (Political Risk Services, 2022) and regulatory impact analyses (Regulatory Affairs Professional Society, 2022).

Third, digital transformation variables were integrated drawing upon blockchain transparency frameworks (Bai & Sarkis, 2020), cloud manufacturing systems (Lu & Xu, 2019), and digital supply chain enablers (Attaran, 2020). These sources were interpreted not as isolated technological tools but as systemic enablers reshaping coordination costs and risk exposure.

Fourth, regional case evidence concerning Mexico and Latin America was synthesized from policy and journalistic analyses (Bravo, 2022; Goodman, 2023; Jayashankar & Torres, 2023; Pérez Hincapié, 2022). These sources were examined through the lens of trade policy, investment flows, and pandemic response effectiveness (Ibarra-Nava et al., 2020).

The methodological approach did not involve quantitative modeling or primary data collection. Instead, it followed a theory-building tradition, similar to systematic literature reviews in operations management (Stentoft et al., 2018). The goal was not statistical generalization but conceptual coherence and theoretical advancement.

Through iterative coding, cross-referencing, and analytical comparison, a Resilient Production Reconfiguration Model (RPRM) was developed. This model integrates economic cost drivers, risk exposure metrics, technological capabilities, workforce development, and policy interventions as interdependent determinants influencing manufacturing location decisions.

Limitations inherent to this methodology include reliance on secondary sources and potential bias in industry-reported data. However, the breadth and diversity of references mitigate these limitations, providing triangulated perspectives across academic, policy, and practitioner domains.

RESULT

The integrated analysis yields several core findings regarding the structural drivers and characteristics of reshoring and nearshoring.

First, cost convergence between traditional offshore hubs and advanced economies has narrowed significantly. Oxford Economics (2022) reports rising labor costs in major Asian manufacturing centers relative to productivity gains in North America and Europe. When total cost of ownership factors—including logistics volatility, tariff exposure, quality control, and intellectual property risk—are incorporated, the cost differential diminishes further (Moser, 2011; Hartman et al., 2017). The Manufacturing Performance Institute (2022) finds that firms engaging in reshoring report improved performance metrics in lead time, quality consistency, and inventory turnover.

Second, resilience considerations have become central to strategic decision-making. Ponomarov and Holcomb (2009) conceptualize supply chain resilience as the adaptive capability to prepare for, respond to, and recover from disruptions. Miroudot (2020) distinguishes resilience from robustness, arguing that diversification rather than insulation enhances adaptive capacity. Empirical surveys reveal substantial increases in resilience investments post-pandemic (Supply Chain Resilience Survey, 2022). Firms increasingly prioritize multi-sourcing, regional diversification, and digital visibility tools (Supply Chain Executive Survey, 2022).

Third, digital transformation significantly alters location economics. Digital manufacturing technologies—such as cloud-based equipment integration (Lu & Xu, 2019), blockchain-enabled transparency (Bai & Sarkis, 2020), and advanced analytics (Attaran, 2020)—reduce coordination costs and enable smaller-scale, flexible production closer to end markets. The Manufacturing Leadership Council (2022) documents that digitally mature firms are more likely to reshore production, citing automation and smart factory investments as mitigating labor cost disadvantages.

Fourth, political and regulatory factors exert increasing influence. Political risk assessments highlight variability in governance stability and policy predictability across regions (Political Risk Services, 2022). Regulatory complexity influences compliance costs and market access decisions (Regulatory Affairs Professional Society, 2022). Host government policies can significantly shape logistics performance and operational continuity (Dube et al., 2016). The CHIPS Act has materially altered semiconductor investment patterns, with early assessments indicating accelerated domestic fabrication investments (Semiconductor Industry Association, 2022).

Fifth, nearshoring to Mexico and Latin America represents a hybrid strategy balancing cost and proximity. Evidence indicates growing Chinese and U.S. investment in Mexico's manufacturing sector (Goodman, 2023; Jayashankar & Torres, 2023). Bravo (2022) and Pérez Hincapié (2022) identify administrative and economic incentives supporting nearshoring expansion. Pandemic response dynamics in Mexico also shaped investor perceptions of operational continuity (Ibarra-Nava et al., 2020).

Sixth, innovation outcomes appear positively associated with co-location of manufacturing and R&D functions. The Product Development and Management Association (2022) reports enhanced innovation cycles when production occurs near design teams. This finding aligns with theories of knowledge spillovers and tacit learning.

Collectively, these findings support the argument that reshoring and nearshoring decisions are multi-causal, shaped by interacting economic, technological, institutional, and geopolitical variables.

DISCUSSION

The findings suggest a paradigmatic shift in manufacturing strategy. Rather than a binary choice between globalization and protectionism, firms are constructing regionally anchored, digitally enabled production ecosystems. This shift reflects the synthesis of resilience theory and strategic management.

From a theoretical perspective, resilience should be understood not merely as redundancy but as adaptive capacity embedded within network design (Ponomarov & Holcomb, 2009). Rose and Liao (2005) demonstrate that economic resilience depends upon substitution mechanisms and flexibility. Applying this insight to manufacturing location decisions implies that regional diversification, supported by digital coordination tools, enhances systemic stability without sacrificing efficiency.

Critically, Miroudot's (2020) argument that turning inward may undermine resilience cautions against simplistic reshoring narratives. Excessive concentration within a single domestic geography may replicate vulnerability. Therefore, the emerging pattern of "regionalized globalization" aligns more closely with resilience theory than full domestic repatriation.

Digital technologies function as structural equalizers. Automation reduces labor cost differentials, while blockchain and analytics enhance transparency and responsiveness (Bai & Sarkis, 2020; Attaran, 2020). Cloud-based manufacturing platforms enable distributed production coordination (Lu & Xu, 2019). These technologies reduce the historical trade-off between cost and proximity.

Policy interventions introduce both opportunities and distortions. While incentives such as the CHIPS Act stimulate domestic investment (Semiconductor Industry Association, 2022), regulatory burdens may deter certain sectors (Regulatory Affairs Professional Society, 2022). Political risk assessments remain central to evaluating long-term stability (Political Risk Services, 2022).

Nearshoring to Mexico illustrates the interaction between economic pragmatism and geopolitical recalibration. Lower labor costs relative to the United States, combined with geographic proximity and trade agreements, create competitive advantages (Oxford Economics, 2022; Goodman, 2023). However, infrastructure, security, and governance challenges must be considered.

Limitations of this study include reliance on secondary data and potential temporal bias given rapidly evolving geopolitical conditions. Future research should employ longitudinal empirical designs to measure performance outcomes of reshoring strategies over extended periods. Comparative case studies across industries would further refine theoretical insights.

CONCLUSION

Reshoring and nearshoring represent strategic reconfigurations of global manufacturing rather than abrupt reversals of globalization. Driven by resilience imperatives, digital transformation, cost convergence, political risk considerations, and policy incentives, firms are redesigning supply networks toward regionally diversified and technologically integrated structures.

The Resilient Production Reconfiguration Model advanced in this study integrates economic, technological, regulatory, and institutional determinants into a coherent analytical framework. This model demonstrates that competitiveness and resilience are mutually reinforcing when mediated through digital capabilities and collaborative governance.

For policymakers, the findings underscore the importance of stable regulatory environments, workforce development initiatives, and digital infrastructure investments (Manufacturing Institute, 2022). For managers, comprehensive total cost analysis and resilience evaluation must guide location strategy decisions (Moser, 2011; Hartman et al., 2017). For scholars, further theoretical integration across global value chain, resilience, and innovation literatures is essential.

The future of manufacturing will likely be characterized by regionalized globalization—digitally orchestrated, politically embedded, and strategically diversified.

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