

Report on “The New Paradigm of International Production. Empirical Evidence of Spanish offshoring activities”

The paper estimates a logistic regression that examines a discrete variable taking value 1 for firms performing offshoring and 0 otherwise. The data used in the estimation comes from a survey collected and processed directly by the author. According to the information he gives in section VI he has obtained 166 questionnaire answers from a population of around 2,000 Spanish firms with FDI outflows abroad. The logit regression presented in the paper uses 63 observations. The main results presented in Table 3 indicate that the probability of performing offshoring is positively related to: 1) the size of the firm (large vs. small and medium size), 2) the ratio between debt and equity at the firm level, and 3) the proportion of profits coming from abroad in the profit and loss account of the firm.

Overall, I think that the paper does not make any contribution to the empirical literature examining the determinants of firm's offshoring strategies. Surprisingly, references to this empirical literature, either for Spanish firms or for firms from any other country, are rather limited. The paper is lacking in references to this literature. There is almost no discussion and comparison between the results presented in the paper and those obtained by other authors in similar exercises.

However, my main concern with the paper is about the difficulty for an academic or professional reader to understand and follow the main ideas and arguments. This concern has two dimensions. The first one is related to a very deficient use of the English language. To speak directly, it is simply difficult to understand the meaning of a high proportion of the sentences included in the article.

The second level of concern is about the paper being precise and rigorous in the use of concepts and ideas. In many occasions there is a complete lack of precision and rigor. I would mention an example which is central to the paper: the concept of offshoring. Page 4 contains the only definition that can be read in the paper about this concept: “offshoring refers to the supply process of any business activity, process or function giving coverage to local activities and/or global enterprise from a different location in another country”. In contrast, an accepted and workable definition of offshoring by the National Academy of Public Administration: “firms shifting service and manufacturing activities to unaffiliated firms or their own affiliates” (National

Academy of Public Administration, 2006, *Off-shoring and elusive phenomenon*, Washington). A second example about this lack of precision is the reference the paper makes about offshoring as “a mode that foreign direct investment can adopt” (p. 4). What does this mean? What is your definition of offshoring? These are two examples but there are many examples like these throughout the paper. In its present version it is very difficult to understand and to follow the arguments presented in the paper. I think the paper requires a substantial rewriting and to make concepts more clear.

A second comment refers to the hypothesis to be tested. I find a lack of foundations/base on which these hypothesis rests. Concerning H1, why the intensity of non-physical asset resources affects positively the probability of offshoring? Notice that the conventional definition of offshoring includes both foreign outsourcing and intrafirm trade from subsidiaries of the parent firm. Concerning H2, why a greater proportion of debt to equity at the firm level favors the probability of firm offshoring? The paper needs to give a more clear and strong foundation to these hypothesis.