

**ICURD research
project 2010/2011**



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title of project	Offshoring of research & development in small and medium sized enterprises - A survey of the US semiconductor industry
main research goal	This study aims to give the first broad, quantitative and empirically proved overview of current and future R&D offshoring practices of SMEs in the US semiconductor industry.
main research question	1a: How important is R&D offshoring for SMEs in the US semiconductor industry currently and in the next 5 years? 1b: Which mode of R&D offshoring do SMEs use currently and in the next 5 years? 1c: How great is the ex post satisfaction with SME's predominant mode of R&D offshoring? 2: Are there certain company characteristics which correlate with the scale/likelihood of future R&D offshoring? 3: Which motives mostly influence the SMEs' decision (NOT) to offshore R&D? 4: Do the motives for and against R&D offshoring influence the offshoring mode as suggested by the OLI Paradigm?
main research methods	The study is based on a survey of 80 SMEs in the US semiconductor industry. The survey was conducted through a web-based questionnaire, giving an in-depth understanding of the forces shaping decisions in R&D.
main results (description of projects and findings)	Globalization and the implications coming with these processes, push companies around the world to rethink their way of doing business. Starting in the 1980s multinationals began to offshore low-cost parts of their manufacturing. In recent years the next level of internationalization of global value chains has emerged - offshoring of research & development (R&D). Doing so, US companies shift the creation of innovation from domestic to foreign, respectively overseas locations. Among all industries, the semiconductor industry is very exposed to this new shift due to its high research intensity. This paper however, focuses on small and medium sized enterprises (SME) as research has widely disregarded this group and its specific characteristics. SMEs typically form the majority of businesses in a country. Where large multinationals are too inflexible, SMEs are eager to take risks and form the innovative base. Current research lacks studies where the attitude of SMEs towards relocation of R&D is exemplified. The research project is still work in progress (October 2011).
Keywords	R&D offshoring, innovation offshoring, small and medium sized enterprises, relocation of research and development, semiconductor industry.