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## **Academic Research Firm Heterogeneity and Foreign R&D Locations**

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### **Abstract**

We examine the influence of host countries' academic research strengths on global R&D location choices by multinational firms. We expect firms to be heterogeneous in the value they attach to host countries' academic research due to differences in firms' capacities to absorb and utilize scientific knowledge. We find support for this conjecture in a location choice analysis of 277 new R&D activities distributed over 39 host countries and 30 technology fields, identified for a sample of 175 leading R&D intensive European, U.S., and Japanese firms in five sectors. Controlling for a wide range of host country factors and prior firm operations in a host country, the number of articles in relevant science fields published by local university-affiliated authors positively affects the probability that a country is chosen as the location for new R&D activities. Host country collaborative scientific research between firms and universities has a comparable effect, but scientific research by host country firms does not affect R&D location choices. Allowing for firm heterogeneity reveals that academic research is only a significant factor for firms with a strong science orientation in their R&D

activities - as indicated by the frequency of citations to scientific literature in prior patent applications.

Please contact the author for further information.