

## MEMORANDUM

**Date:** March 11, 2009

**To:** Shelly Wilkie Martinez, Desk Officer  
Office of Management and Budget

**From:** Lynda T. Carlson, Division Director  
Science Resources Statistics

**Via:** Suzanne Plimpton, Reports Clearance Officer  
National Science Foundation

**Subject:** Notification of questionnaire pretest under generic clearance

This memorandum is to inform you of NSF's plans to pretest a questionnaire to look at the feasibility of a nationwide survey of businesses with less than five employees (microbusinesses). This pretest will focus on the ability of very small companies to answer selected research and development (R&D) questions and a set of questions designed to measure innovation activity. The Business R&D and Innovation Survey collects R&D related data from a nationally representative sample of U.S. based companies on an annual basis. Companies with fewer than 5 employees are excluded from this survey. The National Science Foundation wants to investigate whether such very small companies are conducting R&D or otherwise engaged in innovation seeking activities.

### Background

Recently the National Academy of Sciences' Committee on National Statistics (CNSTAT) completed a review of NSF's portfolio of research and development (R&D) surveys. For the Survey of Industrial Research and Development, CNSTAT specifically recommends that NSF conduct "field observation staff visits" to determine ways to measure firm innovation and to investigate the incidence of R&D activities in growing sectors, like small business enterprises, not currently covered by NSF's Business R&D Survey.

In 2008, we conducted cognitive interviews with 25 U.S. based small companies with less than 5 employees to determine their ability to answer core R&D related questions extracted from questions currently asked on NSF's Survey of Business R&D and to test a limited set of innovation-related questions that might be periodically added to the full survey (under OMB Control Number 3145-0174). That research concluded that small companies could provide data in the following subject areas: R&D expenditures and sources of funding for R&D, R&D services performed for other companies, new to market sales, geographic range of sales, filings for patents and other forms of intellectual property, methods of knowledge diffusion via licensing technology, collaborations with other companies, universities or government entities, and workforce characteristics.

### Research Plan

The methodology planned for this next phase of research will be in-person interviews to test a draft survey instrument. (See attachment.) The questions are designed to minimize respondent burden while collecting data on firm innovation and R&D activities from very small U.S. companies (less than 5 employees). The prior cognitive testing with 25 companies during 2008

informed the design of the current draft questionnaire and we now request clearance to test the questions in preparation for a possible nationwide survey in 2010-11.

We are working with cognitive researchers from the Energy Information Administration through an Interagency Agreement. They worked with the National Science Foundation on the prior cognitive interviews. The EIA researchers will conduct the interviews and take notes to develop interview reports. An NSF staffer intends to accompany them on each of the company interviews.

Specifically, the interviews will focus on the company's ability to answer (1) a core set of questions similar to those asked on the short form (RD-1A) of NSF's Business R&D and Innovation Survey and (2) additional questions on innovation activity.

To recruit respondents, we will contact companies by phone and e-mail to make an appointment with an appropriate company representative. After respondents agree to participate, we will send them an e-mail thanking them for their willingness to participate and confirming the appointment. We will audiotape interviews for respondents who give us written permission. We will not be offering payment to our respondents.

During FY 2009, we plan to conduct a maximum of 50 company interviews. The estimated time for completion of the interview is about 90 minutes. Thus, we estimate a total burden of no more than 75 hours for this phase of our research.

The contact person for questions regarding this research is:

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## **Attachment**