

**SEMINAR SERIES**

**Department of Quantitative Analysis and Operations Management  
University of Cincinnati**

**Quality risk in offshore manufacturing: Evidence from the  
pharmaceutical industry\***

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**Friday, April 9, 2010 – 1:30 p.m. – 108 Carl H. Lindner Hall**

Does offshore production pose an added quality risk relative to domestic production? Progress addressing this deceptively simple question has been hindered by the challenges of controlling for a wide range of factors thought to affect quality risk in offshoring, such as legal, cultural, economic, and geographic factors. This paper contributes to the academic discourse by empirically assessing differences in quality risk across domestic and offshore plants in a setting that naturally controls for many of these confounding factors. Using a novel plant-level measure of quality risk, our findings indicate that offshore plants operate with a significantly higher quality risk than matching plants operated by the same firm located in the mainland U.S. This finding persists despite the fact that our study controls for many salient factors, leaving cultural factors and coordination challenges as the most likely remaining explanations.

**Bio:** John V. Gray is an Assistant Professor in the Management Sciences department at the Fisher College of Business at Ohio State University. His primary research interest relates to operational antecedents and consequences of outsourcing and offshoring decisions. John received his Ph.D. from the University of North Carolina; his dissertation was awarded the Decision Science Institute's 2007 Elwood S. Buffa Doctoral Dissertation Award. Dr. Gray has published in and/or serves on the editorial review board of *Decision Sciences*, *Journal of Operations Management*, and *Production and Operations Management*. Prior to pursuing a PhD, Dr. Gray worked at Procter & Gamble as an operations manager for eight years.

\*Joint work with Aleda Roth (Clemson University) and Michael Leiblein (Ohio State University)

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