

REPORT FROM WORKSHOP IV

Problems of Technology Transfer and of Labour and Management Training

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The workshop focused on the questions to be answered in further research to be taken up by the Institute in cooperation with the ASEAN Chambers of Commerce and Industry, governments, local enterprises and MNCs. The suggested areas of study are as follows:

1. Definition of know-how and methods of know-how transfer. Alternative channels of know-how transfer are:

- (a) academic and other non-profit institutions
- (b) international institutions, such as the United Nations
- (c) bilateral assistance programmes and
- (d) MNCs

Comparative advantages and disadvantages of these alternative channels and possible specialization amongst them, that is, what should be the proper channel in a concrete case?

2. Technology transfer problems in joint ventures (in the equity sense of the word) as distinguished from other forms (for example, subsidiaries). The research could deal with, for example, problem areas from the standpoint of MNCs, the local partner and host governments, including issues such as speed, effectiveness of transfer, transfer pricing, tax implications.

3. What conditions are necessary for a successful transfer of technology and what are the attitudes of the supplying partner with regard to this matter?

4. What are the attitudes of the local partners towards the MNCs, particularly with regard to cultural differences or the impact of the transfer of technology on local culture?

5. To identify the importance of the factors that *restrict* the transfer of technology such as

- (a) restrictions or limitations on payments for transfer of technology, for example, due to foreign exchange controls, immigration constraints.
- (b) to identify the *incentives* needed to overcome these obstacles for the transfer of the technology, such as securing protection of industrial and intellectual property, etc.

6. To what extent is it possible to calculate the cost of know-how, and what costing methods should we use? Can a standard method of calculating the cost of transfer of technology be devised?
7. (a) Under what conditions is "single shot" know-how practical, and under what conditions is a *continuous* transfer of know-how practical?
(b) Under what conditions is *unpackaging* workable, and under what conditions is *packaging* of know-how necessary?
8. What questions should parties ask themselves in drawing up a contract? For example, what is the purpose of the technology transfer? To whom should it be directed and in what type of industry? What training targets should be set?
9. What training is most needed in ASEAN in the 1980s, for example, management or technical, for medium enterprises or small, and for which sectors of business?
How could such training be organized in the most productive way?
(a) By governments in cooperation with bilateral and multilateral assistance?
(b) By the business community in cooperation with MNCs and finance from national and international assistance?
(c) What training programmes are feasible at the ASEAN level?

The Working Group felt that the results of the study should be addressed primarily to the ASEAN business community, and secondly, to the governments.

Discussion of the Report

Coen Ramaer:

Our group's task was to deal with problems of technology transfer and of labour and management training. Our discussion was largely inspired by what Minister Soehoed had to tell us. We were especially impressed by his survey of concrete cases and concrete experience that he mentioned in his speech. Realizing that we had to cover a vast field, we wanted to avoid the danger of making generalizations which are being made by many organizations in this field already. So we decided to identify areas where research by the Institute into concrete experiences would further enlighten all involved in solving the problems. In the first place, how do we define know-how or technology and methods of know-how transfer and how do we decide on alternative channels? In this conference we had focused largely on the channel of multinational corporations, but there are also academic and other non-profit institutions, and international organizations such as UNIDO that are involved in transferring know-how. It might be useful to study the comparative advantages and disadvantages of these channels and to see whether any specialization, if it does not already exist, is feasible amongst them. To take a concrete example, what would a local business, for instance, gain from inviting a UNIDO expert or seeking contract with the university?

The second point that we considered — it was highlighted by Minister Soehoed — was the problems involved in technology transfers in joint ventures, as

distinguished from technology transfer problems between the headquarters and subsidiaries of companies. The research could deal with issues like speed of transfer, its effectiveness, transfer pricing, and tax implications. The next point requiring study is what conditions really have to be fulfilled for a successful transfer of technology and what the attitude of the supplying partner should be. I might add that within my company we try to identify some of those conditions in a little blue brochure that I gave to a number of participants. That brochure to my mind is too generalized and it might be expanded to cover other sectors apart from manufacturing industries. The other questions that should be explored in the study are listed in our report. It might be necessary for the Institute to select some of the items and leave others for later studies. But it is obvious that the Institute can only do this if there is active participation and cooperation among chambers of commerce and industry, governments, and the local business community. On a personal note I would like to say that the Institute can call upon the member firms of the Industry Council for Development, a new organization that was created at the request of Secretary-General Waldheim of the United Nations. I am the vice-chairman of the organization. It has only a limited number of members now, but it will grow. The International Chamber of Commerce and its active national commissions in Asia should also participate and support the efforts of the Institute.

May Oh:

I note from your report that your workshop discussed mainly the questions to be studied subsequently. Did you, during the workshop session, discuss some of the possible answers to these questions?

Coen Ramaer:

In some cases, yes. On Item One, it was felt that, for instance, international institutions might be useful in offering expert advice in the legal and other fields as to what were the best policies to follow, whereas multinationals are the main sources of managerial and technological know-how. However, if you look at public service institutions, there is probably a big gap in the supply of know-how on the management of hospitals and health services and on the management of education. Practically all countries in the world wrestle with this problem. I think, for instance, good health has become ridiculously expensive in my country because of poor management. On the question of training local staff, it was felt that it would be interesting for the Institute to make comparisons of the cost of expatriate and local staff, so as to make it clear to everybody that it does make sense from the cost point of view, to make more of an effort to train local staff.