

BOOK REVIEW

Multinational Business and National Development: Transfer of Managerial Knowhow to Singapore. By Chong Li Choy. Singapore: Maruzen Asia, 1983.

This monograph presents a case study of transfer of managerial know-how by a multinational enterprise (MNE). The case is that of Esso in Singapore. The information about Esso's operations in Singapore is taken in the main from company literature supplemented by interviews with management.

Dr Chong has little difficulty in showing that Esso has been successful in transferring managerial know-how to Singapore, judged by each of the various criteria he proposes: the initially superior qualifications of expatriate managers, the business success of the imported organization as attested by profitability and expansion, the training of local managers, the indigenization of management through replacement of expatriate by local staff, integration of the organization into the culture of the host country and, finally, dispersion of managerial skills through movement of local staff to other firms. But, as he points out in the concluding chapter, "the ease with which the transfer of managerial knowhow to Singapore has taken place is largely due to the cultural compatibility of the managerial culture of the MNE with the local culture". Singapore, in other words, is not the most demanding test of the capacity of MNEs to transfer managerial or any other know-how to a less developed country.

The two chapters devoted to the case study are preceded by a descriptive chapter on oil and Esso in Singapore and by four theoretical chapters designed to demonstrate that the issues posed by the case study are illuminated by Dr Chong's "power theory of development". It is difficult to find this demonstration convincing.

"The 'Power Theory of Development' relates national development (or under-development) to the nation's possession and use (or non-possession and non-use) of international power." Dr Chong claims for his theory, as contrasted with either the conservative (neo-classical) approach to the study of MNEs or the radical (Marxist) approach, that it has the advantage of being ideologically neutral. "The only fact that can be established amidst these contradictory evidences is that MNEs have always acted in their own interests, and not necessarily coinciding with the interests of host and home nations. . . . As such, their contributions to their host and home nations . . . can be either positive or negative." MNEs control a huge amount of the world's resources. It follows that MNEs can powerfully influence a country's development, positively or negatively. "If more resources are made available for the host nation's development by the presence of the MNE, the latter's contribution to the national development of the host nation would be positive." Singapore, being a small country, "cannot by itself command the use of the resources of others". But its proven capacity to attract MNEs illustrates "how a small and weak nation may, through

various power balancing operations of the power theory, obtain resources and achieve development". Transfer of managerial know-how is one way.

To an economist, the notion that national development is a function of possession of *international* power is, in itself, puzzling. Why the emphasis on the resources of *others*? Of course, external resources, whether of capital or technology, can be very helpful. That is why a capacity to attract foreign direct investment by MNEs, such as Singapore has displayed, may make a contribution to national development. But does national development not depend mainly on a country's own resources, natural or human? Dr Chong would surely agree that even in Singapore's case the contribution of MNEs has been marginal. One cannot help but feel that Dr Chong has allowed his thinking to be unduly influenced by the tendency of theorists of international relations to focus on the zero-sum game of power politics.

Again, is it really illuminating to say that MNEs always act in their own interests? Dr Chong cites a case when Mobil was accused by Singaporeans of having acted in a "heartless and even unjust" manner by evicting the widow of a Mobil station proprietor and quotes Esso Singapore's proud boast that it "believes in contributing to the community and society in which it operates". Would Mobil have contradicted his generalization about MNEs had it been less heartless, and does Esso contradict it by contributing to community welfare in Singapore? Or would both companies have been acting in their enlightened or long-run self-interest?

One might also raise questions about Dr Chong's emphasis on integration into the culture of the host country as part of the mechanism of transfer of managerial know-how. That sounds fine for Singapore or Japan. But what if the culture of the host country includes corruption and other traits inimical to economic efficiency and national development?

Perhaps some of these analytical issues need a little more sorting out. But, as these comments indicate, Dr Chong's well-written essay is both informative and thought-provoking.

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