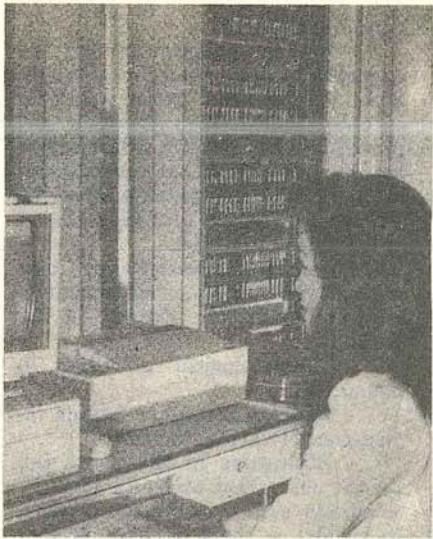


Nowadays, it is recognized that for developing countries, the shortest way to escape from backwardness and poverty and to industrialize the economy is to receive foreign technology through foreign direct investment.

MULTINATIONALS AND POLICY ON TECHNOLOGY DIFFUSION

Receiving foreign technology, in fact, is the process of technology transfer. It is considered as the quickest way for under-developed countries to foster their technological ability. Technology transfer could take different forms approved by the government (direct investment, joint venture, purchasing patent or licence, BOT, technical assistance, turnkey projects, etc.) Foreign technology has altered remarkably the economic structure of many developing countries.

In these days, multinationals play an important role in the techno-



THE ROLE OF CONSULTANCIES IN RECEIVING FOREIGN TECHNOLOGY

by MEcon. NGUYỄN QUỐC TÒNG

scientific revolution and put big investments in R & D programs. These investments were done with a view to carrying out the techno-scientific development strategy in mother country and achieving the aim of having a bigger market share and gaining an advantage over its competitors.

In fact, multinationals have possessed over 80% of the world's inventions. This figure reflects the important role of multinationals in the techno-scientific revolution. At present, there were no scientific researches (especially researches into new materials, automation, power economization, telecommunications, remote control, etc.) carried out without participation of leading multinationals such as GMC, IBM, Toyota, Mitsubishi, ITT or big banks such as First National, Chase Manhattan...

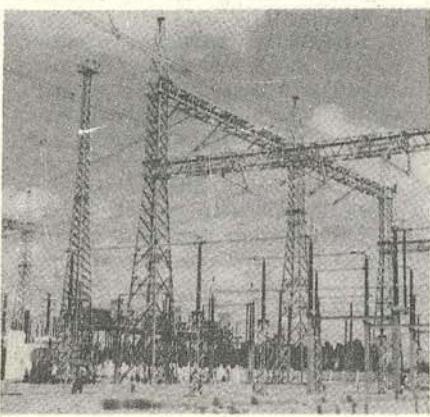
Possessing modern techno-scientific instruments, economic strength, managing experience and having branches in many countries, multinationals could gather information about consumer tastes, market trends and demand, and attract intellectuals to their brain trusts.

Multinationals are also forced to transfer technology to other countries because it is the best way to compensate for wear and tear of intangible assets. Technology transfer is also a way for multinationals to help overseas branches enhance their competitiveness in both local and international markets.

Technology transfer carried out by multinationals has good effects on the development of the world's productive forces and diffusion of human knowledge. Depending on technology transfer, developing countries could make use of foreign capital, techniques and experience to industrialize their economies. The technology transfer, however, is a complicated and troublesome process which involves conflicting matters. On the one hand, multinationals have to transfer new technology to other countries because of pressure of competition, on the other hand, technology transfer can create more competitors. Therefore multinationals are very cautious about transferring technology to overseas branches. They usually transfer common technologies, and when they are forced to transfer modern technologies, they usually keep some know-how secret in order to keep receivers well under control.

The technology transfer has its own duality: new technologies are diffused but the monopolistic advantage is maintained. Multinationals can contribute to the techno-scientific development in host countries, but they also try to restrain it. This situation originates from monopolistic feature of multinationals.

As for host countries, to receive new technology from foreign parties is a difficult matter, but the problem of greater importance is to develop and diffuse these technologies with a view to making a maximum profit in using them, and at the same time, ensuring the sustainable development. Many people attributed failure in receiving new technology to the poor technological ability, poor infrastructure and human resources, or legal environment and other local conditions, but in my opinion, one of the most important factors which could ensure success in receiving new technology is the presence of consultancies who act as middlepersons in technology transfer between two



countries.

THE ROLE OF CONSULTANCIES IN RECEIVING FOREIGN TECHNOLOGY

We can get good service from consultancies: getting information about new technology; saving time, money and energy; reducing risk of being deceived, etc. Buying new technology, however, is a more complicated problem and we should find answers to many questions, such as: what technologies are appropriate to local conditions? What prices are reasonable? Where can we buy the most appropriate technologies from? How can we find good partners? How can new technologies be transferred successfully? and the like.

The consultancies could help us answer these questions. That is why they play an important role in developed countries. As for a developing country such as Vietnam, their presence assumes even greater importance, especially at present when we haven't been in a condition to gather information about foreign technologies and multinationals yet.

In developed countries, advisory service is needed in all socio-economic activities and becomes a target of many well-studied strategies. In Vietnam, at present, there are many licenced consultancies, they are:

- CONCETTI (Scientific Association of Production) in Hà Nội.
- Invest Consult Ltd (National Center of Technology and Science)
- Investip (Ministry of Science, Technology and Environment)
- Forincons (Ministry of Heavy Industry)
- IMC (HCMC People's Committee)
- FISC (Ministry of Trade)
- Infisco (Ministry of Light Industry)
- Invescon (Bà Rịa - Vũng Tàu Special Zone People's Committee)
- ITC (SCCI)
- Vietchamber (Vietnam Commercial Chamber)

In addition, there are numerous advisory offices run by various governmental bodies all over the country and some hundred foreign advisory firms operating in Hà Nội and HCMC.

These consultancies act as intermediaries between sellers and buyers in order to help them gather information and shorten the process of technology transfer. In fact, one of the causes of failures in buying or receiving new technologies is the lack of information about one's partners. In the past ten years of economic renovation, the consultancies have supplied good service to foreign investors who wanted to do business in Viet-

nam. Advisory service industry and its orientation have been shaped up well. Package advisory service was offered with a view to helping two parties know each other. However, just because of the complexity of the technology transfer, this process taking place in Vietnam recently was due to the pressure of market: businesses had to modernize their technologies, more jobs should be created, etc. In such a situation, foreign partners, relying on their advantage, have transferred old or renewed technologies at a price while Vietnam parties lacked necessary knowledge and information, with the result that both the government and the people suffered big losses.

It's high time we had to create favorable conditions for development of consultancies with a view to supplying scientific and reliable answers to various problems in economic activities, reducing risk degree in the technology transfer, and encouraging foreign investment and technology transfer.

A well-developed advisory service industry enables the government and businesses to gather needed information, find out necessary resources and realize planned goals.

The consultancies in the world usually supply either management consulting service or engineering consulting service.

The leading consultancies specialized in supplying management consulting service are Opmac, Toshimatsu (Japan), M.Lynch, Vatico (USA). They sell advice on management questions such as general management, line and staff management, the use of capital, marketing policy, information and data processing, accounting and auditing, regular checks and repairs, etc.

The engineering consulting firms can help us select and buy new technologies, carry out R & D pro-

grams, operate new technologies, gather information about patents, inventions and new technologies, etc. The leading consultancies specialized in this field are Unido, UNDP, Wipo, Invenco, Concetti, APCCT, SGS, etc.

In recent years, in Vietnam, especially in Hà Nội and HCMC, rep offices of leading groups have been established, such as BP Oil, Shell (England); Thyssen, Siemens (Germany); Kodak, Dupont (USA); Daewoo, Samsung (South Korea); Hitachi, Sharp, Honda, Sony (Japan)...

This is an encouraging sign, because these rep offices could act as intermediaries between Vietnam and the world, help Vietnam develop its foreign trade, and buy necessary technologies. The presence of these multinationals forces the Vietnam economy to renovate and adapt itself to international practices in doing business (insurance, banking, shipping, international bidding, financial service, telecommunication, etc.) These multinationals could be considered as the best environment for Vietnam parties to improve managerial skills and habit of working in a modern economy.

In my opinion, after a decade of economic renovation with a lot of painful lessons, it's high time we had to establish some consultancies operating in certain fields in which we have an advantage over our competitors. If the economic development process can be divided into three stages: (1) attracting foreign investment, (2) attracting foreign investment and making overseas investment, and (3) making overseas investment only; then the Vietnam economy is at somewhere between the first and second stages. In order to accelerate the growth rate, we had better establish at once big consultancies which could gain a foothold in the world market ■

