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If shock treatment is needed...

IF Dr Ahmed Tasir Lope Pihie, the Malaysian Industry-Government Group for High Technology chief executive, is fed up with the attitude that local businesses have shown towards research and development, he has the right to be. Despite all the incentives being provided by the Government, most Malaysian companies are not increasing their R and D budgets and not making sufficient effort to undertake it themselves. According to the Federation of Malaysian Manufacturers (FMM), 55 per cent of respondent companies in a recent survey said they did not undertake any R and D. International Trade and Industry Minister Datuk Seri Rafidah Aziz earlier this month expressed disappointment with R and D spending levels; last year it accounted for only 0.7 per cent of the GDP, when 1 per cent is usually the minimum acceptable level.

Also, the Government is the one spending more on R and D, including commercialising whatever little findings its research institutes could come up with. It spent RM400 million under the Fifth Malaysia Plan (1986-1990), RM600 million under the Sixth Malaysia Plan (1991-95) and has allocated RM1 billion for the Seventh Malaysia Plan (1996-2000). This is not to say that private sector spending on R and D has not increased; its investment increased three-fold this decade. During the Sixth Plan, the private sector reported investment of RM246 million and is expected to spend more on R and D in future. But then most local companies source their technology from abroad, probably with the notion that by doing that they have fulfilled the obligation of effecting technology transfer. Ahmed Tasir was begging to differ, saying merely transferring an annual budget for R and D activities does not reflect commitment.

His suggestion that the Government drop companies that would not invest on R and D when it comes to awarding new projects and consider cancelling their business licences may sound very harsh. Even Ahmad Tasir saw it as a "shock treatment" that would jolt the whole industry and force businesses to re-evaluate the use of high-technology in their day-to-day operations. But for a country that aspires to join the ranks of developed nations in less than a quarter of a century, harsh measures must be taken if only harsh measures can move mountains. Also, if Ahmed Tasir's suggestion is seen on the converse, the Government would be rewarding businesses that take pains to invest in and undertake their own R and D. It would be an injustice if companies that have invested in R and D facilities still lose out in bids for high-tech projects to those with connections and no R and D.

Indeed, the Government should seriously consider the proposal by the Might chief executive. But to be fair to companies that may have failed to understand the importance of R and D both at their micro as well as macro levels, the Government should spell out what it really expects out of businesses where R and D and applications of science and technology are concerned. Prime Minister Datuk Seri Dr Mahathir Mohamad mentioned that Might is in the process of setting up a database on technology portfolio or technology depository. The database will list new and emerging technologies for the benefit of the industry and academia. The release of the database should be accompanied by a massive campaign to encourage companies to pay more attention to R and D. If all else fails, the Government should start looking at the larger Malaysian corporations that have not been incorporating R and D into their operations as well as long-

term plans.

The FMM, responding to Ahmed Tasir's proposal, said local companies respond better to "carrots" rather than "the stick". But FMM should inform its members that investing in R and D itself would yield lots of these carrots to them. The benefits of R and D, apart from improving manufacturing processes, are far reaching. R and D is a big step towards moving onto a higher technology plane, a shift the Government has been stressing in the face of acute labour shortages and growing international competition.

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