

15/01/1998

The hidden riches of R and D

IT IS not the first time that Malaysian companies have been ticked off for their somewhat lackadaisical attitude towards research and development. The Government has repeatedly emphasised the importance of investing in R and D, not to mention the huge benefits just waiting to be reaped. At the very least companies ought to use research findings to promote competitiveness and efficiency. However, in times of plenty, it is never too difficult for companies, even the least competitive ones, to make decent money. So, why bother with complicated and expensive R and D?

This has been the sub-culture of the Malaysian private sector. Technology transfers rarely involve Malaysians doing anything more than adopting lock, stock and barrel the knowhow of a foreign company. There have been welcome exceptions, but in general there is a lack of respect and appreciation for what research findings can do for industrial leaders and what they in turn can do to enhance the aspirations of local companies that wish to become international players. It is hoped, therefore, that Prime Minister Datuk Seri Dr Mahathir Mohamad's point about the need for Malaysians to pay more attention to R and D will not fall on deaf ears. Since this is no longer a time of plenty, people may have suddenly developed the ability to listen.

The Prime Minister's point about the private sector's inability or refusal to conduct R and D or utilise research findings speaks poorly of the corporate leadership. Many Malaysian CEOs are uncomfortable with the idea of personally overseeing the technological aspects of the business because they generally come from a non-technology-related background. Technology is something they delegate to paid professionals, usually expatriates. Getting local CEOs to manage R and D in the same way they manage human resources and financial activities will be a critical factor in ensuring competitiveness. R and D is no longer just a buzz word. It is a business strategy which gives a company an edge over its rivals.

R and D remains very much a government-led effort in Malaysia. Since 1988, some RM2 billion has been allocated for public sector research under the Intensification for Research in Priority Areas (IRPA). However, few Malaysian companies have displayed an inclination to seriously invest in R and D. Research is done almost entirely by universities and institutes funded by the Government. The Government has been trying to raise the R and D budget to 1.5 per cent of GDP since the Fifth Malaysia Plan but to date, it is still hovering around 0.8 per cent.

The private sector, especially the small-and- medium industries, cannot be totally blamed for their reluctance to invest in R and D, due to their blinkered view that such activities add to their operating costs. The point that needs to be driven home is that R and D should be viewed as the incubators of future profits. Instead of slashing their R and D budgets - assuming they had one in the first place - in difficult times, companies should invest more in order to come up with new business processes, products or services. The success story of Swiss watchmaker Swatch in helping the Swiss watch industry stand up against the cheap but accurate quartz watches from Japan and Hong Kong is a lesson Malaysian CEOs must learn.

One way in which corporatised research bodies such as Sirim and the universities can finance themselves is to market their findings or establish joint ventures to exploit new technology. Sirim and Universiti

Putra Malaysia have taken the lead by commercialising their findings. While there are many viable research findings by universities and other institutions, the adaptation of these new technologies to the needs of end-users is not easy. The need for researchers to explain and present their findings in terms that end-users can understand and exploit commercially is crucial. A great deal of homework involving financial analysis, market demands and understanding the needs of local businessmen needs to be done. The challenge therefore, lies in persuading Malaysian corporate leaders that investing in R and D is akin finding gold in one's backyard.

(END)