

Foreign Collaborations; Strategic Options, Negotiations,
and Implementation

Chetan Bajaj

The recent moves towards liberalisation of the Indian economy have encouraged Indian companies to catch up with technological developments abroad, through Foreign technical collaborations (FCs). This study deals with the process of acquisition and implementation of FCs. The process has been termed; Foreign Collaborations Implementation Process (FCIP). A model has been developed from the case studies of seven FCs. It has been used to describe and analyse the FCIP.

Technological developments are taking place rapidly and introduction of new products is becoming riskier. Multinational companies are forming strategic alliances to pool their resources and expertise. They are also moving production to off-shore locations to compete effectively. The major technological and economic developments in the Automobile, Machine tools and Photo Films industries have been highlighted. Their influence on the FCIP is also discussed.

Several problems are faced in the FCIP. In some instances, foreign companies are not willing to part with the latest technology. Mutual understanding among them may even restrict some of them from transferring technology

to India. Differences in culture between the two countries may create problems in interaction between the personnel of the two companies during negotiations and in course of technology transfer. Another problem is the inability of the collaborator to supply technology for the manufacture of components, patented by its vendors. In some cases the company may find it difficult to achieve indigenization targets and maintain quality because of the relatively less developed industrial base in India. The efforts made by the Indian companies to overcome these and other problems are discussed in the case studies.

The case study of HMT suggests that sudden changes in the policies of the Government may upset the plans of a company. The insistence of the Government on a phased manufacturing programme may also make it necessary to produce some components in uneconomical quantities.

The case study of HPF shows how mistakes made at an earlier stage of the FCIP may create problems at a later stage. It suggests that a company must have the flexibility to adapt its strategy to the changes in environment to successfully acquire technology.

All the case studies high-light the importance of choosing an appropriate strategic option for FC, keeping into account the capabilities of the company and the requirements of the market.