

THE IRISH ELECTRONICS SECTOR: TECHNICAL MANPOWER AS AN INDICATOR OF STRUCTURES AND SOPHISTICATION: COMMENT ON COGAN AND O'BRIEN

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Cogan and O'Brien provide important empirical support for the thesis that a more coherent and rational policy is needed for Ireland's electronics industry. In particular they produce evidence which argues for a shift in industrial policy away from dependence on multinational corporations (MNCs) as the preferred path to wealth creation. They concede that job creation is now so critically important to the nation that existing policies to attract foreign investment must in large measure be maintained for the present. Recent events have tempered enthusiasm for MNCs both in electronics and in other sectors of industry, but it would be churlish to deny the historical contribution that foreign-owned industry has made to Ireland's industrial development. In future, however, MNCs must play a different role, one designed to complement rather than substitute for indigenous development.

The work of Cogan and O'Brien leads logically to the search for mechanisms and policies to effectively nurture indigenous enterprises. My main concern here is to try and point out from experience some obstacles which must be overcome. The task in hand will have to extend well beyond the elimination of largely ineffective exercises (such as attempts to promote Research and Development in MNC manufacturing satellites).

I believe that the dominance of MNC operational plants throughout the country has promoted an infrastructure which is hostile to the emergence of indigenous enterprises. This can be perceived in our political, financial and accountancy institutions. The accountancy profession has discovered a comfortable, secure and lucrative market in servicing the large accounts and good audits of the MNCs. Accordingly, many Irish entrepreneurs believe this profession has little incentive to develop services to meet the special needs of the high-technology segment. This is however, an understandable development as long as the distraction of more secure revenues exists elsewhere.

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It is also understandable that Irish banking institutions should adopt a somewhat tentative attitude to emerging indigenous business. Compared with MNC operations they are risky and troublesome and high technology total business companies are usually the most risky and time consuming of all. Taking account of the most desirable direction of our national industrial evolution in the longer term, however, it is apparent that both the banks and indigenous industry need now to upgrade the quality of their dialogue. In this regard, particularly in recent times, my company has observed a willingness by the banks to play their part; it may now be timely, therefore, for indigenous industry to take stock of its own position in order to avail of new financial opportunities.

Politicians of all parties have been hooked on the foreign investment culture. The publicity and the electoral advantage to be gained from cultivating the myth of instant industrialisation via MNCs is irresistible. The timing of announcements and the geographical deployment of foreign investment projects has more to do with political expediency than with industrial logic. There is increasing evidence that the financial outlay is often too high a price for the short-term political advantages.

We must promote an environment which forces all sections of the community to face up to the challenge of the long term alternative of indigenous industry. Of course there is a pressing need for imaginative promotions which will attract foreign investment and alleviate our chronic unemployment problem. This should not exclude us all from playing our part in participating in the longer term activities involved in promoting total business indigenous industry. Indeed, an active dialogue between both foreign and domestic industry would be constructive but this also requires in-depth policy formulations. There is no reason why policies should not cater for the short-term and long-term needs of the country and embrace the requirements of large and small, foreign and indigenous, while emphasising the need for job creation in the short-term and wealth creation in the longer term.

Industrial policies which recognise the fundamental differences between local and foreign industry must be formulated. I suggest that industrial policies relevant to our needs will only start to emerge in the wake of clear Government policy statements in the following key areas:

- (i) fiscal policies to encourage selective investment in manufacturing industry;
- (ii) fiscal policies to encourage personnel to take up employment in manufacturing industry;

- (iii) policies to encourage the liaison between large indigenous companies, involved in traditional industries, and emerging high-technology companies;
- (iv) a communication mechanism which ensures that those with knowledge have an appropriate forum to communicate their information to those with the power to implement it.

REFERENCES

Cogan, D.J. and O'Brien, Ronan, "The Irish Electronics Sector: Technical Manpower as an Indicator of Structure and Sophistication", *Journal of Irish Business and Administrative Research* Volume 5, No. 1, April, 1983.

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