

Technology Transfer



in IB

DEFINITION

Technology transfer refers to the process by which technological knowledge, skills, and innovations are disseminated from one entity to another. This can occur within a country or across international borders and is a crucial component of global business operations, particularly for multinational corporations (MNCs).



MECHANISMS

1 *Licensing Agreements*

MNCs often license their technology to foreign firms, allowing them to use specific patents, trademarks, or proprietary knowledge in exchange for fees or royalties.

2 *Joint Ventures + Strategic Alliances*

Collaborations between MNCs and local firms facilitate the sharing of technology and expertise, benefiting both parties.

3 *FDI*

When MNCs establish subsidiaries or acquire existing businesses in a foreign country, they bring in their technological capabilities, processes, and managerial practices.

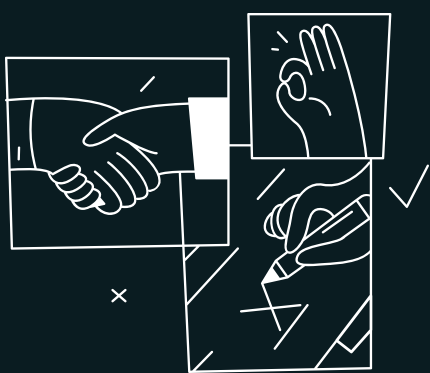
4 *Franchising*

This allows local businesses to operate under the brand and technological framework of the MNC, ensuring consistency and quality.

5 *Turnkey*

MNCs design, construct, and equip a facility and then transfer the operational control to the local firm, which includes the transfer of technology.

BENEFITS



1 *Economic Growth*

2 *Competitive Advantage*

3 *Knowledge Spillovers*

4 *Enhanced Global Cooperation*

RISKS



1 *IP Protection*

2 *Cultural + Operational Differences*

3 *Dependency of Host(s) on Home*

4 *Increase Economic Inequalities*