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[Review of the book *Technology Choice and Employment Generation by Multinational Corporations in Developing Countries*]

Abstract

[Excerpt] The present volume, by addressing technology choice and employment in multinational enterprises (MNEs), adds to our understanding of the determinants of demand for labor in developing countries. The book synthesizes results from case studies of MNEs in Singapore, Nigeria, Brazil, India, and Kenya, and it does so in such a way that the main conclusions can easily be identified.

Keywords

multinational enterprises, MNEs, development, employment, technology

Disciplines

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Comments

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Technology Choice and Employment Generation by Multinational Corporations in Developing Countries. International Labour Office. Geneva, 1984. ix, 212 pp.

In the study of labor markets in developing countries, a new focal point of research is gaining sway. Whereas previously research attention was directed at the determinants of labor supply or at the structure of differences in earnings, the focal point today is increasingly the demand side of the labor market. This shift reflects the perception that workers' incomes are low not because they willingly supply only a limited amount of labor but rather because the labor market provides insufficient opportunities to earn a decent living. When the economy generates more jobs at suitable rates of pay, men and women can be counted on to supply their services as needed.

The present volume, by addressing technology choice and employment in multinational enterprises (MNEs), adds to our understanding of the determinants of demand for labor in developing countries. The book synthesizes results from case studies of MNEs in Singapore, Nigeria, Brazil, India, and Kenya, and it does so in such a way that the main conclusions can easily be identified.

The most striking finding is that "technology choices in MNE subsidiaries are *not* determined by the level of local wages, and low wages are *not* an incentive for the adoption of labor-intensive technologies" (p. 27, emphasis added). Another interesting and surprising finding is that "technology choices *per se* have little if any visible impact: much more important are the enterprises' decisions about product range, distribution policy and pricing strategy" (p. 52). The major conclusion about government policy—one I quite expected—is: "Most developing country governments do not seek to influence the technology choices made by MNE enterprises, and do not specifically encourage the use of more labour-intensive technologies by these subsidiaries" (p. 68).

It is specific empirical studies such as these that make it possible to build overall models of labor markets in developing countries.

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