Technology Transfer through Buyer-Provided Training within and across Borders: Evidence from Buyer-Supplier Network Data in ASEAN∗

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Abstract
This paper examines the geographical pattern of technology transfers in the form of buyer-provided training in domestic and international production networks. Our unique buyer-supplier network data in four countries in Southeast Asia allow us to directly observe the buyer-supplier relationship as well as the existence of inter-firm provision of training in order to investigate the geographical structure of knowledge acquisition, dissemination, and aggregation among local and non-local firms. The empirical analysis finds the following: (i) the probability of having training provided by the main buyer presents a U-shaped quadratic pattern with respect to the geographical distance between the respondent firms and the main buyers. The geographical proximity to the main buyer seems to be particularly important for local firms. (ii) The training provision is likely for both local and non-local firms when the main buyer is a multinational located in the same country. (iii) The probability of having training from the main buyer is high when the main buyer conducts R&D. (iv) Both local and non-local firms that have training provided by their main buyers are likely to provide training to their main suppliers; (v) in the case of non-local firms, product innovation with production partners is more likely when they have upstream/downstream training. However, such links seem to be weaker in the case of local firms.

Keywords: buyer-provided training; FDI spillovers; backward linkages; Southeast Asia
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