

5.5: Points to Remember

1. Industries and companies tend to globalize in stages, and at each stage, there are different opportunities for, and challenges associated with, creating value.
 2. Simple characterizations such as “the electronics industry is global” are not particularly useful. A better question is *how* global an industry is or is likely to become; *industry globalization is a matter of degree*.
 3. A distinction must be made between *industry globalization*, *global competition*, and the degree to which a *company has globalized* its operations. Porter explains industry clustering using a framework he calls a “national diamond.” It has six components: *factor conditions*, *home country demand*, *related and supporting industries*, *competitiveness of the home industry*, *public policy*, and *chance*.
 4. Yip identifies four sets of “industry globalization drivers”—underlying conditions in each industry that create the potential for that industry to become more global and, as a consequence, for the potential viability of a global approach to strategy. These drivers are *market drivers*, *cost drivers*, *competitive drivers*, and *government drivers*.
 5. Yoffie offers five propositions that help explain how the structure of an industry can evolve depending on, among other factors, the dynamics that shape competition in the industry and the role governments play in stimulating or obstructing the globalization process. These propositions define two important dimensions for classifying globalizing industries according to the nature of the strategic challenge they represent: *the degree of global concentration* and *the extent to which governments intervene*.
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