

# Using Industry Studies to Study Globalization

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# Two Questions

Quick answers to complex questions.

We study “**How** do industries matter.”

We have established “Industries **do** matter.”

1. What we can learn from industry studies about globalization?
2. How can we expand the practice and influence of industry studies globalization research?

# 1. What can we learn from industry studies about globalization?

- Documentation of production functions
  - if same globally, cost of inputs dominates competitive advantage
  - If different globally, value-added determines competitive advantage and activities globally are complementary
- Analyze activities being sent abroad by MNCs
  - Substitutes or complements to US activities?
  - Reasons for offshoring (or outsourcing abroad):  
lower costs, access to markets, access to talent?
  - Complex underlying relationships at work
    - Ex: US educational policies, US visa policies, and MNC access to semiconductor engineers

## 1 cont. What we can learn from industry studies about globalization?

- Explore how firms and workers adjust to new global outcomes of improved productivity, lower costs, rapid technological change
  - Learn from firms their strategies for improving domestic production (eg, new technology, improved skills, government programs)
- Analyze how capabilities (technology know-how, skills, productivity, management) are improving relatively across countries.
  - Understand driving factors, eg R&D, global brain circulation, FDI and spillovers, national regulations and subsidies
  - These determine the dynamics of global competitive advantage (and vary by industry characteristics!)

## 2. How can we expand the practice and influence of IS globalization research?

- Make industries studies relevant for developing sound policies (new institutional micro-foundations of macro behavior)
  - Solow (2004): analyze how micro-variations have implications for macro behavior, or large-scale consequences of certain industry characteristics.
    - Conduct studies across industries to get macro implications.
  - Gomory (2005): statistics (our “macroscope”) can be applied only if “we have the right overall picture” that IS can contribute.
  - Analyses both across industries and integrated with micro data to find patterns (significance, generalizability)
    - Integrate deep industry knowledge with micro data sets to create correct framework for and interpretation of empirical analysis

## 2 cont. How can we expand the practice and influence of industry studies research?

- **Incorporate overarching global viewpoint**
  - Long-run best interests of the United States involves complex interaction of many forces
    - Political stability and economic growth in other countries
    - Economic growth, income distribution, translation of income into living standards and quality of life in the U.S.
- **Develop Industry Studies Scholars**
  - Graduate course on fieldwork methods
    - How to conduct industry studies research (how to build on strengths and minimize weaknesses)
    - How to develop framework for fieldwork and analysis, protocols for fieldwork (interviews, surveys), choose and gain access to companies
    - Analysis of qualitative data, small in-depth surveys, and compare to micro data sets
  - Build data base of journals where Industry Studies research has been published

Congratulations to Sloan Foundation,  
under the leadership of Ralph Gomory,  
and to Industry Studies researchers  
for building a new discipline based upon  
observational science

# Prof. Suzanne Berger, MIT

Raphael Dorman and Helen Starbuck Professor of Political  
Science and Class of 1960 Fellow  
Industrial Performance Center

- Her most recent book: *How We Compete*
  - The findings of a five-year-long study by MIT social scientists and engineers
  - Based on fieldwork at over 500 international companies
  - Analyzes what practices are succeeding in today's global economy, which are failing –and why.
- "Impressive... This is an evidence-based bottom-up account of the realities of globalisation. It is more varied, more subtle, and more substantial than many of the popular works available on the subject." -- *Financial Times*
- Prof. Berger's current research concerns the impact of globalization on domestic institutions.



Prof. Suzanne Berger

“Globalization: A View from the Bottom Up”