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
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 (e.g., new technology, improved skills, government programs)

- Analyze how capabilities (technology know-how, skills, productivity, management) are improving relatively across countries.
  - Understand driving factors, e.g., 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”