



PORTER IMPROVED- an introduction into the development of the Steyr Competitiveness Model – H. Hofstadler

Prof. (FH) Dr. Hannes Hofstadler

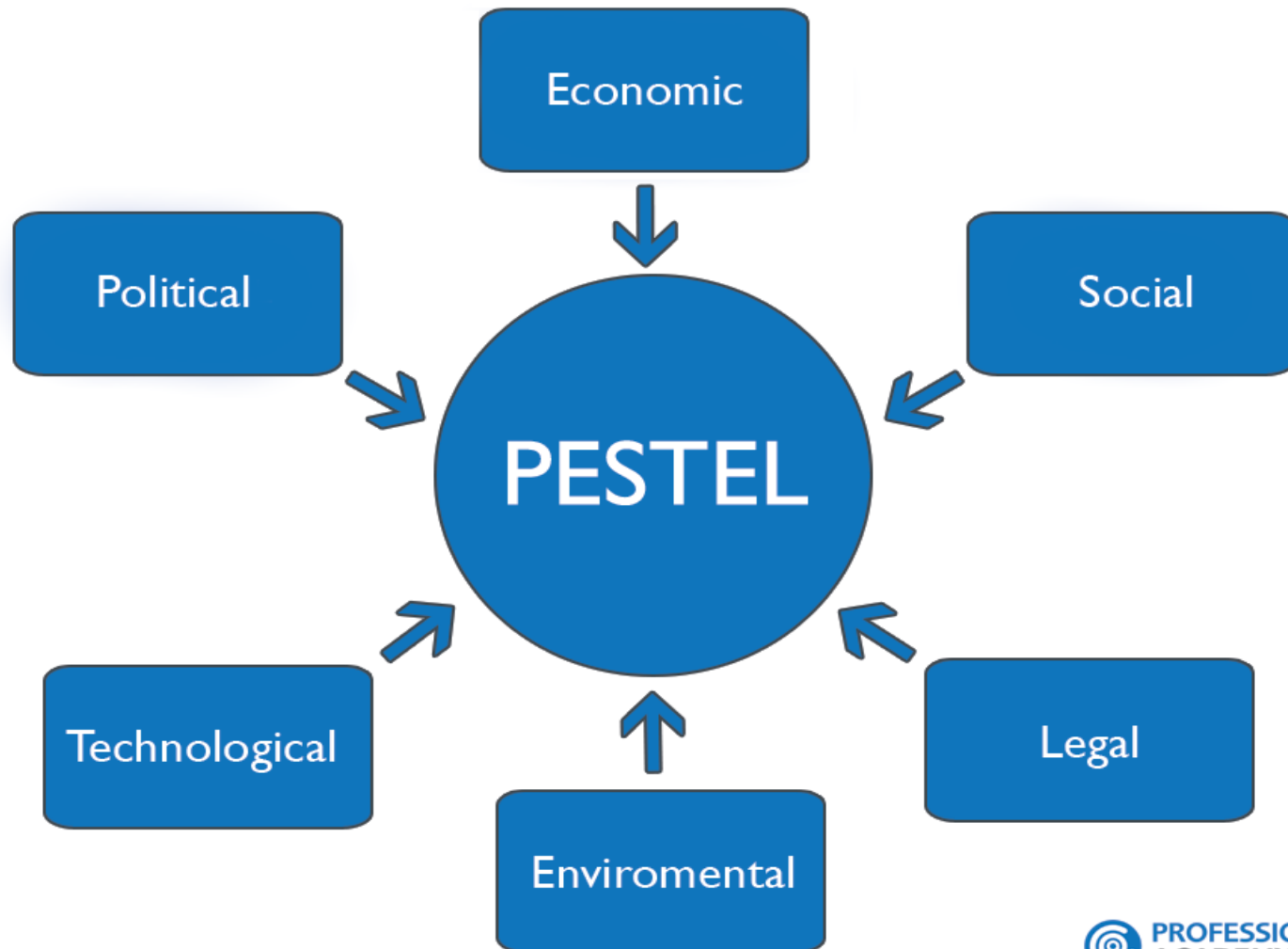
PART 1 FIRST INTRODUCTION



Why do we need a Competitiveness Model at GSM ?

- **We accompany companies in their globalisation process**
- **They have to expand into new markets**
- **But that also means to learn to know NEW COUNTRIES and their strenghts and weaknesses**
- **The companies don`t have **GOOD INSTRUMENTS** for that, use mostly PEST/PESTEL**

PART 1 FIRST INTRODUCTION



PART 1 FIRST INTRODUCTION



Why is the PORTER COMPETITVENESS MODEL our starting point?

- **Michael Porter launched a COMPREHENSIVE MODEL of COUNTRY COMPETITIVENESS**
- **It is sophisticated but still understandable for Export People in the field**
- **It draws a COLORFUL PICTURE of a country, it's strenghts and weaknesses and gives valuable hints to Export Managers about difficulties to expect (better than PEST/PESTL... do)**

PART 1 FIRST INTRODUCTION



Why is the PORTER COMPETITVENESS MODEL our starting point?

- It is an EXCELLENT POSSIBILITY TO TEACH AOUR STUDENTS **E C O N O M I C S** without exposing them too much to **ECONOMISTS** 😊

PART 1 FIRST INTRODUCTION



Why do we **IMPROVE** THE PORTER MODEL?

- In certain aspects like COUNTRY DEBT, it remains imprecise
- It NEGLECTS other aspects like QUALITY and DIRECTION of INVESTMENTS
- It did not sensibilise it`s users for country crises of foreseeable kind like in SPAIN or GREECE because of the above weaknesses

PART 1 FIRST INTRODUCTION



Why do we **IMPROVE** THE PORTER MODEL?

- It DOES NOT CONTAIN R E A S O N S of cross-cultural kinds WHY the countries are like they are
- THEREFORE OUR LONG- TERM GOAL IS TO COMBINE IT WITH OUR SIMM cross-cultural model
- Our goal is to have a good descriptive **COMPETITIVE MODEL IN COMBINATION WITH A CROSS- CULTURAL MODEL INFORMING THE USERS ABOUT THE „WHY`s “**

PART 2 WEAKNESSES of the PORTER MODEL



Why do we **IMPROVE** THE PORTER MODEL?

- It DOES NOT CONTAIN R E A S O N S of cross-cultural kinds WHY the countries are like they are
- THEREFORE OUR LONG- TERM GOAL IS TO COMBINE IT WITH OUR SIMM cross-cultural model
- Our goal is to have a good descriptive **COMPETITIVE MODEL IN COMBINATION WITH A CROSS- CULTURAL MODEL INFORMING THE USERS ABOUT THE „WHY`s “**

PART 2 WEAKNESSES of the PORTER MODEL

The DIAMOND MODEL OF PORTER

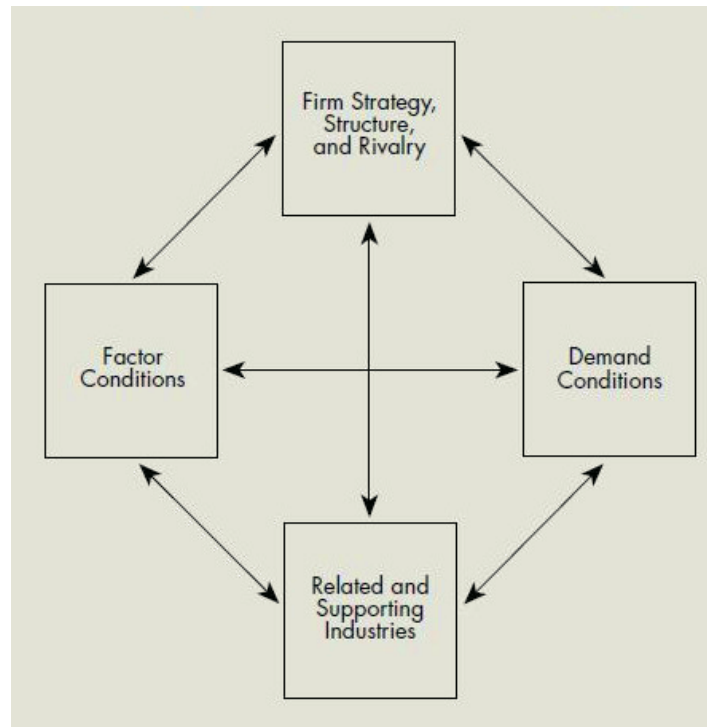


Figure 1: The Determinants of National Advantage (Porter 1998c, p. 72)

PART 2 WEAKNESSES of the PORTER MODEL

The complete DIAMOND MODEL OF PORTER

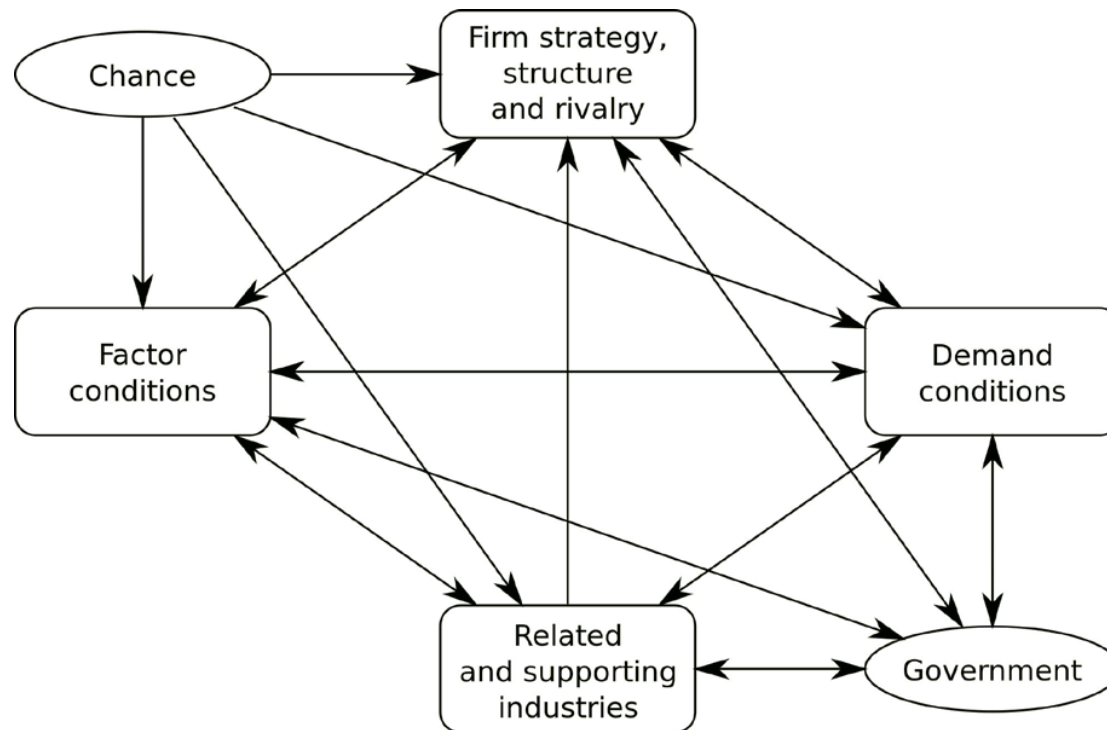


Figure 2: The complete diamond (Porter 1998c, p. 127)

PART 2 WEAKNESSES of the PORTER MODEL

The DIAMOND MODEL OF PORTER

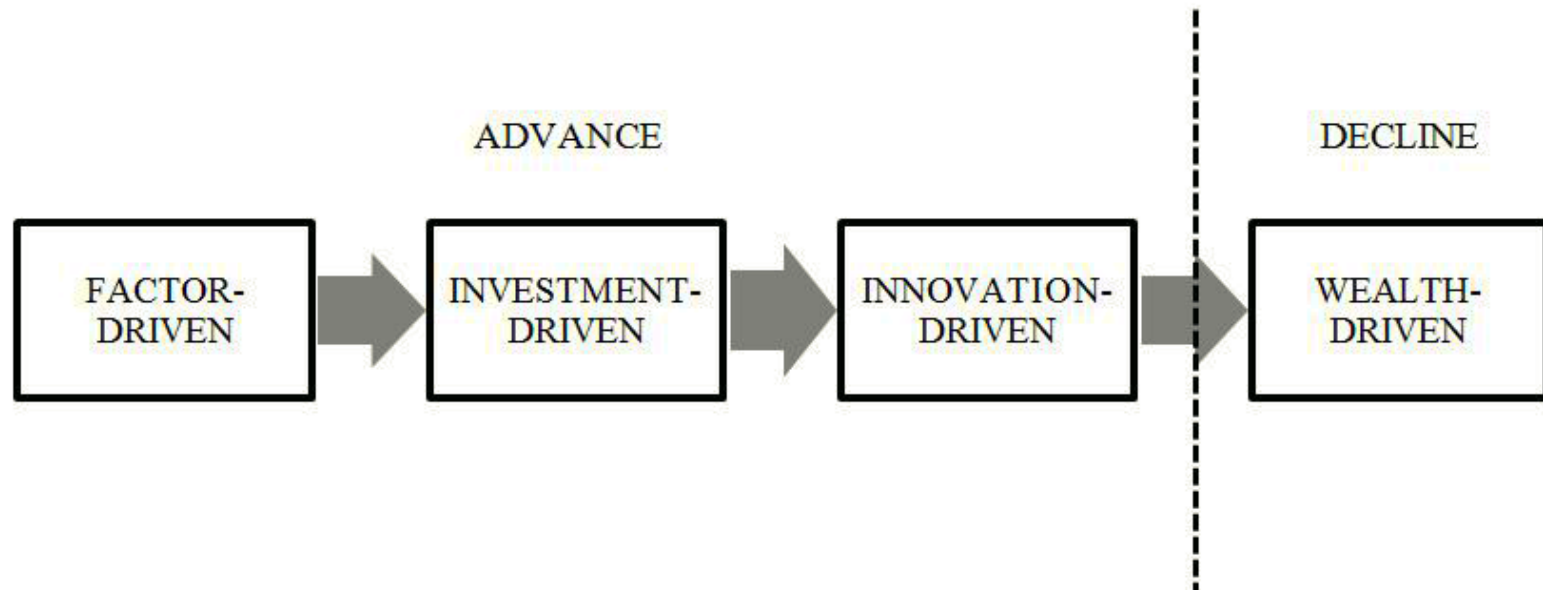


Figure 3: Four Stages of National Competitive Development
(Porter 1998c, p. 546)

PART 2 WEAKNESSES of the PORTER MODEL



The DIAMOND MODEL OF PORTER- criticism on MICRO LEVEL

- To sum up, it is established that Porter does not go into too much detail. Porter does not define any sublevels for many of his indicators.
- He rather focuses on quantitative data. (e.g. Spain)
- Typical examples for possible improvements are: Demography and Workforce Participation, Innovation and Education.

PART 2 WEAKNESSES of the PORTER MODEL



The DIAMOND MODEL OF PORTER- criticism on MACRO LEVEL

- Many scholars criticize Porter with regard to the construction of the Diamond Model. Some authors are missing factors such as CULTURE.
- Besides the ROLE OF GOVERNMENT from a one-sided US-perspective (for Porter government has only the role of stimulating the economy- we Europeans see that different and see also income distribution and social balance as goals)
- We miss some macro- level determinants.

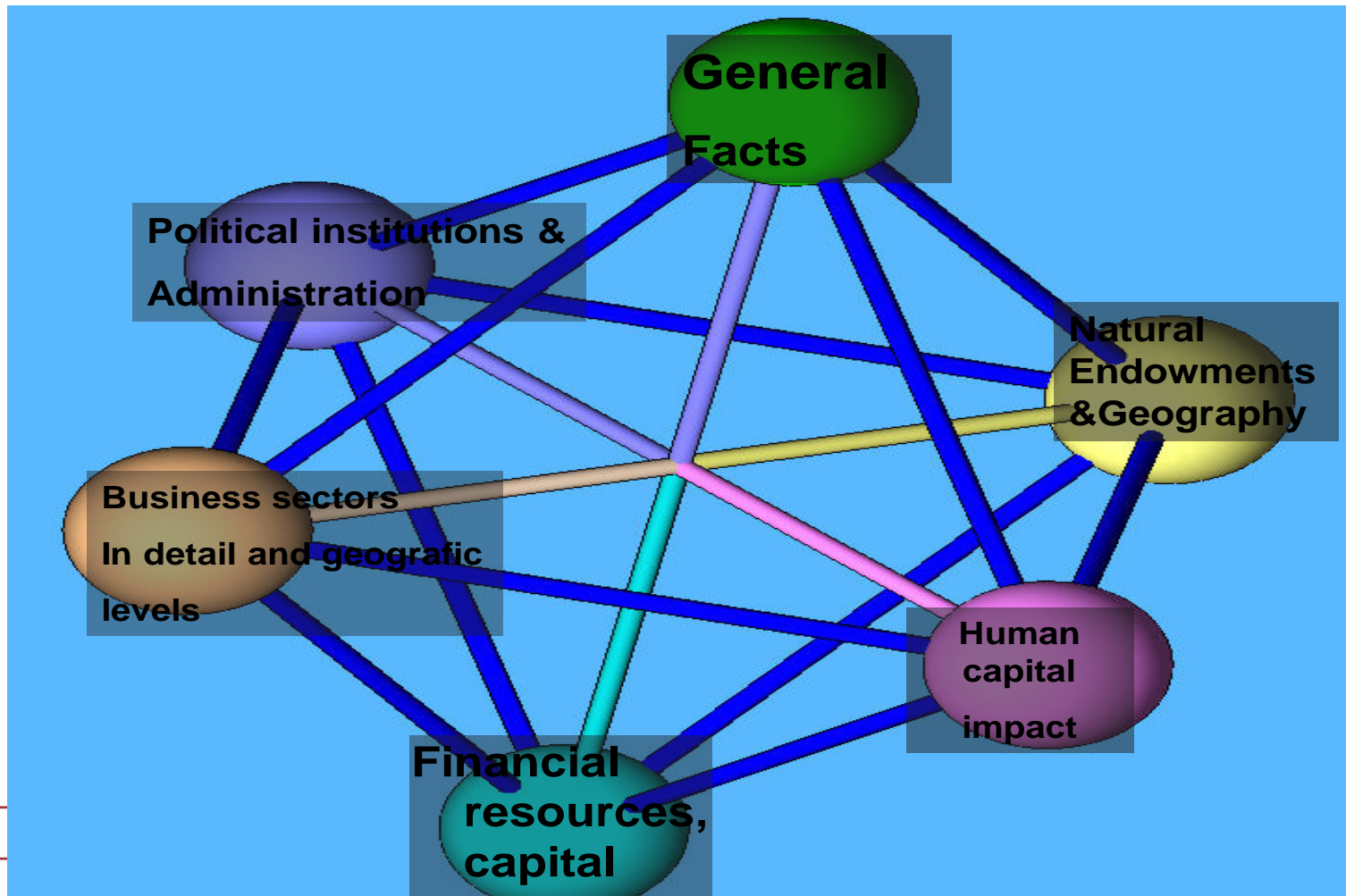
PART 2 WEAKNESSES of the PORTER MODEL



The DIAMOND MODEL OF PORTER- criticism on MACRO LEVEL

- The MAIN TRADING PARTNERS play a very important role(FR/GER)
- Factors like DEMOGRAPHIC DEVELOPMENT are absolutely necessary, because a *diminution and aging of the population definitely affects many industrialized nations, or even can be THE crucial factor(Example JAPAN)*
- *Also Innovation and Investment need to be more detailed*
- Finally sustainability should be added to the model to the Diamond Model.

PART 3 THE STEYR COMPETITIVNESS MODEL



PART 3 THE STEYR COMPETITIVNESS MODEL



General Facts Section

- Size of the country
- GDP per capita
- Export/Import in detail
- HDI (Human development index)
- Happiness and Quality of life indices
- Urbanisation degree

PART 3 THE STEYR COMPETITIVNESS MODEL



Natural Endowments and Geography Section

- Land area
- Climate
- Natural Endowments
- Neighborhood
- Technical Infrastructure
- Hazards

PART 3 THE STEYR COMPETITIVNESS MODEL



HUMAN CAPITAL IMPACT

- Demography
- Education and Vocational Education
- Labor force utilization incl. unemployment
- Innovation

PART 3 THE STEYR COMPETITIVNESS MODEL



Financial Ressources and Capital formation/spending

- Consumer Prices (HICP)
- Governmental Budget Deficit (all levels)
- Ratio of Government debt to GDP
(+ company debt + level of private debt)
- Currency Exchange Rate & its stability
- Long term interest rates
- Ratings by international rating agencies
- Income and income distribution
- Investment rate and its capital formation basis
- Currency policy

PART 3 THE STEYR COMPETITIVNESS MODEL



Business Sectors in Detail

- Business sectors (primary, secondary and tertiary)
- Company SIZE aspects
- Exports/Imports and their structure
- Clusters and their efficiency
- Analysis by different geo levels

PART 3 THE STEYR COMPETITIVNESS MODEL



Political Institutions and Administration

- Corruption
- Government influence on the economy
- Unions and their role
- Environmental Standards and sustainable energy

PART 3 THE STEYR COMPETITIVNESS MODEL



...our P L A N S...

- Finish the model (2016) and publish it
- Apply it to real states (2017)
- Connect it to the SIMM (2018)
- Apply both models to several states (2019)

PART 2 Intro to SIMM Theory



A „look at the roots“-Approach - the S I M M

**Let us have a brief look at a model which tries to
explain**

WHY

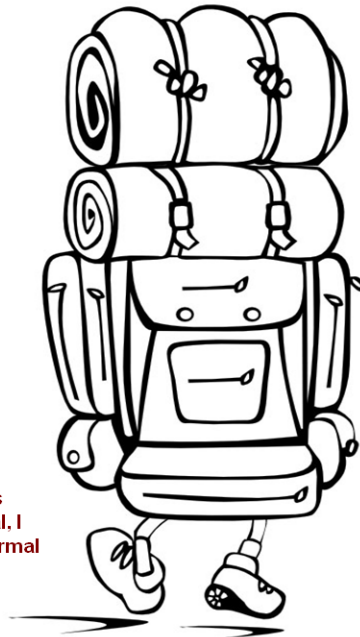
we have different cultural roots..

What do we mean when we speak of „Intercultural Competence“?

The cultural „BACKPACK“

Own
Picture

This is
normal, I
am normal



Filled with stereotypes,
prejudices, concepts,
values etc.



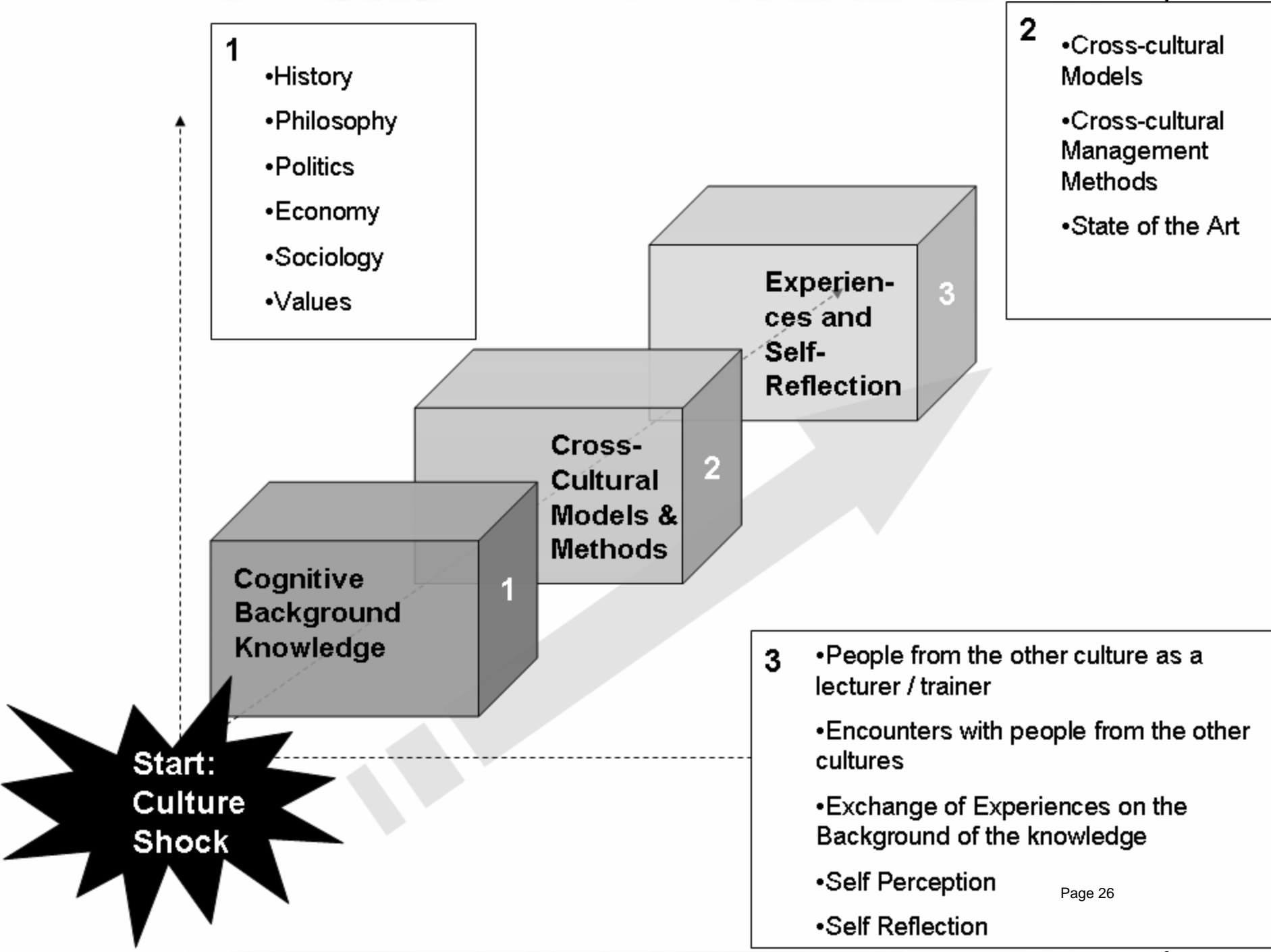
SIMM – Steyr Intercultural Management Model – perceptive Level



Milestones

Most important
Incidents & aspects with impact
on today's cultural identity





**I hope you had
FUN &
LEARNINGS!**