

# Porters diamond

People



Porter's Diamond Porter's Diamond Michael Porter was born in 1947 and is a leading authority on competitive advantage, clusters and international strategy.

The Porter's diamond provides a framework for the understanding of a nation's position in the global competition. In his theory, he introduces a set of interconnected suppliers and industries in the concept of clusters.

He explains the various factors for competitive advantage in his diamond framework. The first aspect is the strategy and structure of firms. He explains that competition makes businesses to increase their innovation and productivity. Second, he describes the demand conditions factor. Here, he explains that firms face pressure due to increased demand, and this forces them to improve their competitiveness through an increase in quality. Third, he illustrates the nature of related supporting industries. Here, he reveals that the distance between such industries with a firm determines the exchange of information and ideas. In factor conditions, he explains that the factors of production are not inherited but created. He completes his model with the element of a government. He illustrates that the government only acts as a catalyst to push companies to competitive performance (Yong, 2015).

However, Porter's research has various limitations. First, Porter did not explore how culture influences the competitiveness of a nation in his framework (Yong, 2015). He did not explain how attitudes or social norms of a population towards authority affect the organization of firms. Second, it was incorrect to mention that the strategy and structure of companies are due to economic circumstances rather than culture. Cultural factors are the reasons for the creation of some enterprises such as Japanese business system of Keiretsu (Yong, 2015).

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Conclusively, although Porters framework is incomplete, it is valid.

Academics such as Dunning have extended on the framework and have revealed on the merits of the concept in explaining national competitiveness. However, the theory may be influential but it appears to be from The USA's perspective rather than a global one (Yong, 2015).

#### References

Yong, J. (2015). Porters Competitive Advantage of Nations - A Critique. Academia. edu. Retrieved 23 August 2015, from [http://www.academia.edu/6992732/Porters\\_Competitive\\_Advantage\\_of\\_Nations\\_-\\_A\\_Critique](http://www.academia.edu/6992732/Porters_Competitive_Advantage_of_Nations_-_A_Critique)