Research Note

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Government Inclusion in Porter's Diamond: The Case of Argentina

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Abstract: Porter's Determinates of International Country Attractiveness model (diamond model) has been the standard used to determine "where" firms should expand internationally. Porter's (1990) determinants include (1) demand conditions, (2) related and supporting industries, (3) strategy, structure, and rivalry and (4) factor conditions. Porter makes the assumption that industries within international markets are privatized. However, in some countries, industries remain state owned. This limits the model's applicability. This paper adds value to the literature by presenting the impact of government on Porter's diamond; particularly in countries where state ownership still exists. Argentina was selected for this analysis and to develop a revised model since many industries within Argentina are owned by the state.

Keywords: International expansion, catalyst and challenger, Determinates of international country attractiveness

INTRODUCTION

Development of international markets is crucial for the growth of businesses. Over the last three decades world trade has expanded from $200 billion to $7 trillion (Czinkota and Ronkainen, 2004). Porter's (1990) Determinates of International Country Attractiveness model (or the Porter "diamond" model) has been the standard used to determine "where" firms should expand internationally. Porter's determinants are (1) demand conditions, (2) related and supporting industries, (3) strategy, structure, and rivalry and (4) factor conditions (Porter, 1990).

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