

**Course Syllabus****INV 601: New Strategies of Competitiveness:  
Firms, Clusters and Economic Development****DES503: Globalización y Desarrollo Humano****(At Harvard, MOC: Microeconomies for Competitiveness)**

(The course is based on materials developed by the Institute for  
Strategy and Competitiveness at Harvard Business School)

**(SPRING 2014)****Coordinators:** José Pablo Nuño de la Parra y José Antonio Santillana Rivero**Teaching Assistant:** Martha Cabanas (martha.cabanas@upaep.mx), ext 7117**Case Facilitators:**

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**Book:** Michael E. Porter, "On Competition"; Harvard

Business School Press, 2008.

### Cases:

- Finland and Nokia
- Volvo Trucks (A): Penetrating the U.S. Market
- The Japanese Facsimile Industry in 1990
- Estonia
- Chile: The Latin American Tiger?
- The California Wine Cluster
- Building a Cluster: Electronics and Information Technology in Costa Rica
- Atlas Eléctrica: International Strategy
- Asociación Colombiana de Plásticos (Acoplásticos)
- Centre Suisse d'Electronique et de Microtechnique (CSEM)
- Institutions for Collaboration: Overview
- Singapore Economic Strategy: Independence to 1992
- Rwanda: National Economic Transformation
- The Basque Country: Strategy for Economic Development Strategy
- Connecticut
- Indonesia: Attracting Foreign Investment
- De Beers
- City of New York
- Ghana: National Economic Strategy
- The Dutch Flower Cluster Economy

### Other Books:

Michael E. Porter (2008) . "The Competitive Advantage of Nations" última edición, The Free Press, New York.

Michael E. Porter (1998). "Clusters and the New Economics of Competition"; Harvard Business Review, November-December 1998.

Michael E. Porter. "Competitive Strategy: Techniques for Analyzing Industries and Competitors", New York: The Free Press. Republished with a new introduction, 1998.

Michael E. Porter (1985). "Competitive Advantage. Creating and Sustaining Superior Performance". The Free Press, New York.

### Background

Microeconomics of Competitiveness: Firms, Clusters, and Economic Development (MOC) is a university-wide graduate course offered to students from around the Harvard University community graduate programs. The course has been created in a multiyear development effort by Professor Michael E. Porter and the staff and affiliates of the Institute for Strategy and Competitiveness at Harvard

Business School. It is designed to be taught in collaboration with universities around the world. (See the section for a list.)

The MOC course explores the determinants of competitiveness and successful economic development viewed from a bottom-up, microeconomic perspective. While sound macroeconomic policies, stable legal and political institutions, and improving social conditions create the potential for competitiveness, wealth is actually created at the microeconomic level. The sophistication and productivity of firms, the vitality of clusters, and the quality of the business environment in which competition takes place, are the ultimate determinants of a nation's or region's productivity.

### **Course Focus**

This course explores the determinants of national and regional competitiveness building from the perspective of firms, clusters, subnational units, nations, and groups of neighboring countries. It focuses on the sources of national or regional productivity, which are rooted in the strategies and operating practices of locally based firms, the vitality of clusters, and the quality of the business environment in which competition takes place.

This course examines both advanced and developing economies and addresses competitiveness at multiple levels – nations, subnational units such as states or provinces, particular clusters, and neighboring countries.

The course is concerned not only with government policy but also with the roles that firms, industry associations, universities, and other institutions play in competitiveness. In modern competition, each of these institutions has an important and evolving role in economic development. Moreover, the process of creating and sustaining an economic strategy for a nation or region is a daunting challenge. The course explores not only theory and policy but also the organizational structures, institutional structures, and change processes required for sustained improvements in competitiveness.

### **Long-term Vision for Participating Universities.**

Economic development depends on a shared understanding of competitiveness among business, government, and university leaders. We find that the microeconomic foundations of competitiveness are less understood than the broader macroeconomic, political, legal and social issues in development. Moreover, the role of the private sector in competitiveness, and the ways in which the private, public and university sectors can work together to boost productivity, represent important gaps in thinking and practice.

The Microeconomics of Competitiveness course not only builds a cadre of young people trained in the new competitiveness thinking but also can serve as a platform for other efforts by universities to contribute to regional and national economic development. The course can be adapted to produce executive programs for government officials and private sector leaders. It opens the potential

for field projects in which students and faculty work and build relationships with business and government. Many MOC faculties have become important leaders in national policymaking and competitiveness initiatives. Participating universities become part of a network of affiliated schools, and can collaborate on local and regional competitiveness projects. Quite a few schools have created formal competitiveness centers or institutes growing out of their participation in the course. The multiplier effects of the course have been evident in our experiences over the past number of years.

## **Course Schedule and Architecture**

The course is taught during the same spring semester at Harvard. The course is taught using case studies drawn from all major regions of the world. (See the Course Outline). Part of the purpose of the course is to expose students to some of the most successful countries and regions. In addition to cases, there are readings, a series of lectures, and videotaped appearances by guests who are national, regional, or business leaders involved in the cases studied.

A Typical MOC Class Session:

- Sessions will run for three hours with a short break (7:00 pm - 10:00 pm)
  - A typical case discussion runs for 60-75 minutes
  - A typical lecture/guest discussion runs for 45 minutes
- For sessions in which a distinguished guest is attending, you may be asked to stay for an additional 20-30 minutes.
- **There are special class times for the group presentation sessions on March 19<sup>th</sup>**

**The course is also designed to include a significant team project,** which involves assessing the competitiveness of a country and a cluster within that country under the supervision of the instructor.

## **Student Share Point access at Harvard**

The student site contains areas for each class session. Lectures and guest appearances relevant to the session can be archived on the student site session concludes, and is digitally indexed to allow students to search for specific topics.

You will be getting by mail this week an invitation to join the group.

## **Grading and Feedback**

Grading

- Case summaries (15%)
- Class Participation (45%)
- Team Project (40%)

Feedback

Students ranking with insufficient class participation midway through the course will be notified. You will have reviews and feedback on your final project progress.

### **Case Summary (15%)**

It is required to present a 3 page summary of each case before the class, please send it to Martha Cabanas (martha.cabanas@upaep.mx).

### **Criteria for Evaluating Class Contributions (45%)**

- MOC is a course about a framework for thinking
  - The cases are intended to allow the class to explore the concepts
  - The “answer” is less important than the thinking process
- Analytical rigor is highly valued
- No outside-of-case data is allowed or rewarded
- Raise your hand to participate
- Cold calls are fair game, anytime
- Build on previous contributions
- Be concise; marshal evidence; show your logic
- Integrate across facts, issues, and cases
- Take a constructive approach and tone
- Be prepared for follow-up questions
- Participate while not speaking
- No questions to the instructor are appropriate during the case discussion

### **Cases and assignment questions**

Assignments for the week are posted on the course platform by 5 pm on the previous Monday. Assignments are subject to change before then.

### **The Final Team Project (40%)**

Students will be asked to apply their learning in a group project that analyzes the competitiveness of a selected country (region) and one of its clusters.

- Groups must include 4 or 5 students
- Groups are encouraged to be interdisciplinary

### **Team Formation Process**

- Students are responsible for forming their own teams
- The student list and class cards on the Course Platform contain information about the background and interests of class participants.
- All students should have already submitted preferences in terms of countries and clusters on the Country Group Project Poll
- All students should have already read the Country Competitiveness Project.

## Course Outline for 2014

Module	Session	Case Study	Readings
<b>Introduction</b>	Introduction to Competitiveness: Overall Framework Case Method TS,PN SINTONIA (BM)		
	1. On Competitiveness AM, TS	• Finland and Nokia	• <i>On Competition</i> Chapters 2, 5
<b>Part I: Firms, Industries and Cross-Border Competition</b>	2. Competing Across Locations & Global Strategy for MNCs GH	• Volvo Trucks (A): Penetrating the U.S. Market	• <i>On Competition</i> Chapters 1, 8
<b>Part II: Locations and Clusters</b>	3. The Diamond Model: Advanced Economies PN	• The Japanese Facsimile Industry in 1990	• <i>On Competition</i> Chapter 6
	4. The Diamond Model: Developing/Transition Countries HR, TS	• Estonia  • Chile: The Latin American Tiger?	
	5. Clusters and Cluster Development: Advanced Economies HR	• The California Wine Cluster	• <i>On Competition</i> Chapter 7
	6. Clusters in Developing Countries PN Clusters en México y Puebla (Equipo Sintonía))	• Building a Cluster: Electronics and Information Technology in Costa Rica	
	7. Internationalization of Firms Based in Developing Countries AM	• Atlas Eléctrica: International Strategy	• <i>On Competition</i> Chapter 9:324-346
	8. Institutions for Collaboration BM	• Asociación Colombiana de Plásticos (Acoplásticos) • Institutions for Collaboration • Centre Suisse d'Electronique et de Microtechnique (CSEM)	
<b>Part III: Policy for Nations and Regions</b>	9. Economic Strategy: Advanced Economies HR	• Singapore Economic Strategy: Independence to 1992	
	10. Economic Strategy: Developing Countries AM	• Rwanda: National Economic Transformation	

	<b>Session</b>	<b>Case Study</b>	<b>Readings</b>
<b>MID Term Presentations</b>	MID Term Presentations	<ul style="list-style-type: none"> <li>• Team Project Presentations</li> </ul>	
<b>Economic Strategy: States and Sub-National Regions</b>	11. Economic Strategy: States and Sub- National Regions TS, BM	<ul style="list-style-type: none"> <li>• The Basque Country: Strategy for Economic Development Strategy for Economic Development. TS</li> <li>• Connecticut BM</li> </ul>	
	12. Corporate Responsibility TS	<ul style="list-style-type: none"> <li>• De Beers</li> </ul>	Porter (2011), "Shared Value", HBR, January 2011
<b>Part IV: Advanced Topics</b>	13. Attracting Foreign Investment PN	<ul style="list-style-type: none"> <li>• Indonesia: Attracting Foreign Investment</li> </ul>	
	14. Urban Development TS	<ul style="list-style-type: none"> <li>• City of New York</li> </ul>	<ul style="list-style-type: none"> <li>• <i>On Competition</i> Chapter 10</li> </ul>
<b>Course Summary</b>	16. Organizing for Competitiveness, Course Summary GH	<ul style="list-style-type: none"> <li>• Ghana: National Economic Strategy</li> </ul>	
<b>Internationalization of Clusters</b>	15. Internationalization of Clusters PN, MC, BM	<ul style="list-style-type: none"> <li>• The Dutch Flower Cluster and economy (PN, BM)</li> <li>• Cluster de la flor en Puebla (MC)</li> </ul>	<b>Internationalization of Clusters</b>
<b>Part V: Project Presentations</b>	Team Project Presentations	<ul style="list-style-type: none"> <li>• Team Project Presentations</li> </ul>	Final Project Reports Due