



Microeconomics of Competitiveness: Firms, Clusters, and Economic Development

Prospectus for Interested Universities and Faculty

Index

Section I: Course Information for Interested Universities and Faculty	page 2
Section II: List of Participating Universities in 2011	page 7
Section III: Harvard Course Description	page 8
Section IV: Course Outline for 2011	page 9
Section V: Technology Requirements	page 12
Section VI: How to Obtain More Information	page 15



MICROECONOMICS OF COMPETITIVENESS

Section I: Course Information for Interested Universities and Faculty

The *Microeconomics of Competitiveness* is a distinctive course platform developed at Harvard by Professor Michael Porter and a team of colleagues that is designed to be taught in collaboration with universities around the world. It is designed to be taught to graduate students in business, economics, development, government, and related disciplines. Currently we have over 90 affiliate universities in the MOC network that can teach the course in 2011. (See the next section for a list.)

This course on competitiveness and economic development addresses the subject from a bottom-up, microeconomic perspective missing in most traditional development courses. The course is not only an educational vehicle but also a tool to enable a university to influence and support economic development in its country and region. In addition to training future leaders of business and government in competitiveness concepts, the course can be adapted for executive programs. It can become a focal point for projects and initiatives that engage the university in economic policy and business development with government and the private sector. The ultimate vision of the course is to make a meaningful impact on the economic competitiveness and prosperity of the countries in which it is taught.

The course is taught at each university by a local instructor. Given the complex nature of the subject and the importance of peer interaction and discussion, a capable faculty member in each university is indispensable versus delivering the course online or via distance learning.

To support local instructors, the Harvard team has developed an unprecedented amount of course content and assistance to instructors via seminars, video content, teaching support, and technology.

This document describes the course content and structure as well as the support available to affiliate schools.

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.

Selection of Affiliates. The *Microeconomics of Competitiveness* course is constantly under development. We seek affiliated universities that are leading schools in their regions. The ideal school will have faculty

MICROECONOMICS OF COMPETITIVENESS

Course Information for Interested Universities and Faculty

with doctoral degrees and an ongoing research program. The Institute does **not** offer exclusivity to affiliates in their region or country.

Participation in the course is on an invitation-only basis. However, schools interested in participating, and which can meet the course requirements including technical standards and cost sharing described in this document, should contact the MOC Program Manager (moc@hbs.edu) to obtain a short application. No third-party intermediary represents the Institute for Strategy and Competitiveness in the application process, and interested schools must contact the Institute directly for official information regarding the course.

Target Students. This course is a graduate-level course that can be taught in business schools, economics departments, government departments, or other schools concerned with economic development. Participating universities are encouraged, though not required, to establish the course as an interdisciplinary course that is open to students from various departments, as we have done at Harvard. Mid-career students who are working in government or other organizations can also participate. In a number of universities, sitting government officials have taken the course as part-time students. A number of affiliates have created shorter executive courses for government officials or others.

Faculty Qualifications. Faculty teaching the course at other universities are expected to have doctoral training in either management or economics. We hope that at least one of the instructors is a senior professor with access to leaders in business and government in the school's region. Prior to teaching the course, local faculty are required to attend the December new faculty workshop at Harvard.

Course Schedule and Architecture. The course is taught during the spring semester at Harvard, but it may be taught at affiliates during any semester. Universities are free to teach the course more than once per year.

The course is taught using case studies drawn from all major regions of the world. (See the Course Outline on pages 9–10.) 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.

At Harvard, the course meets for nineteen two-hour sessions. Each session begins with a case discussion, followed by lectures and guests. 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 a skilled instructor. Class sessions are suspended for two weeks to provide additional time to work on the team project. Schedules and class length can be modified by affiliates to conform with local circumstances.

We ask that all instructors **teach the full course as we do at Harvard at least once** to fully understand the material before any substantial modification or new case study preparation is undertaken.

Course Materials. All of the course material is available in English, and nearly all of the core cases are available in Spanish and a few other languages.

Instructor Website. A unique feature of the course is an extensive website for instructors. In addition to the case studies, written teaching notes, and other written materials, the site includes a range of content designed to assist instructors in teaching the course: (1) audiotaped “teaching group meetings” in which the Harvard instructors discuss how each case/session can be taught; (2) videotapes of Professor Porter (and some other faculty) actually teaching each class; (3) videotapes of all lectures by Professor Porter;

MICROECONOMICS OF COMPETITIVENESS

Course Information for Interested Universities and Faculty

and (4) edited videotapes of guest protagonists. Items (1) and (2) are designed only for instructors, while items (3) and (4) can be downloaded by instructors and utilized in class.

Student Website. Participating schools are provided with a Microsoft SharePoint template for a student website designed to be customized locally. We provide instruction on customization and site management at the December workshop. The student site contains areas for each class session. The site also allows local instructors to post answers to student questions.

Faculty Workshop. We hold an annual *MOC* Faculty Workshop in Boston in December for professors from participating universities. In 2011 the workshop will be held December 12–13. **The workshop is mandatory for new affiliates.** The workshop provides intensive instruction in how to teach the course, how to structure and manage student teams, and how to prepare case studies for use in the course. Faculty participants will also receive training on case method instruction, course management, and on administrative and technical issues.

We welcome up to two faculty per academic institution to attend the workshop, and will also review and try to accommodate requests for additional faculty to attend on a case by case basis. Host schools are responsible for arranging and covering the cost of travel and hotel accommodations for faculty who attend the workshop, though the Institute is happy to provide guidance.

Veteran faculty who have attended a previous workshop are encouraged to attend, and numerous veterans attend to get the benefits of the ongoing network. Some sessions at the workshop are geared towards the veteran participant, offering a great opportunity to learn about new material and case preparation techniques, to raise issues and questions, and to meet and interact with faculty from other schools. We have found in the past that by having veterans participate in sessions with new faculty, and having them share their experiences, that the workshop experience is greatly enriched for both sets of faculty.

Live Connections with Harvard. Professor Porter is able to make a limited number of live videoconference appearances in courses at other schools. These videoconference opportunities are allocated among interested affiliates during the December workshop using a lottery system.

In addition to utilizing the Harvard video content in classes, other schools can “sit in” on the Harvard class via live webcast if the instructor desires.

Collaboration among Affiliates. We also encourage affiliates to interact with one another via videoconferencing or by hosting instructors from other participating universities. Such interaction has been carried out very successfully in the past and similar interaction is expected for future affiliate offerings.

Groups of affiliates within regions are meeting and interacting formally. Meeting time for regional faculty groups are reserved at the December workshop.

Localization of Course Materials. The course can be taught exclusively with materials we have developed at Harvard. The material covers a wide array of countries, clusters, and issues and is designed to be applicable to any country or region.

Local faculty are free to choose how much of the available cases and video material to utilize and can supplement or replace the videotaped lectures with their own lectures. Depending on the school, it may be desirable to modify the pace of topics or the length of sessions. Extra sessions on local topics are also encouraged, and the particular advanced topics to cover and the design of the group project can be

determined locally. We provide guidelines for preparation of case studies and can, based on mutual agreement, sometimes provide comments.

The *MOC* website contains a listing of locally produced materials to facilitate the exchange of such material across schools.

Affiliate faculty responsibilities. Besides teaching the course, faculty members from participating universities are expected to coordinate all local administrative and technical staff involved in the course. Given the number of affiliated universities, we must work through the faculty member as our primary contact.

Payment information. The host school is responsible for its own local costs, including local faculty, technology, and communications.

Each school is asked to pay an annual subscription fee of \$3,500 per calendar year to remain in good standing in the *MOC* network. This fee allows the school to offer multiple offerings of the course if they so choose, access to the video and audio content, student website, technical support, *MOC* cases, and attendance at the December faculty workshop for up to two faculty members. In the event that we are able to accommodate more than two faculty members from a school, the additional faculty members attending will incur a charge of \$500 per faculty member.

As a condition of joining the network, new schools will be asked to cover the cost of sending faculty members to the December workshop, which is mandatory for all new affiliates. The cost for the first faculty member is \$1,000 and \$500 for the second faculty member. Those new schools will then be required to pay the annual subscription fee of \$3,500 for the following calendar year.

Invoices for CY2011 will be sent out to all affiliates in early July 2011 and payment will be due in September.

While schools will have unlimited access to the case studies from Harvard Business School Publishing as part of the annual fee, schools are expected to purchase the textbook, either through Harvard Business School Publishing or through Amazon.com or other sources.

Videoconference lottery. As detailed earlier in this section, Professor Porter is able to participate live in a modest number of class sessions at other universities via videoconference for thirty minutes. Participating schools in these sessions are asked to contribute an additional payment of \$750. This payment does not go to Professor Porter but covers technical support for the videoconference in Boston and contributes to the overall cost of course development. The sessions are allocated by lottery each year, with schools having a session ineligible for a session the two following years.

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

MICROECONOMICS OF COMPETITIVENESS
Course Information for Interested Universities and Faculty

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 faculty 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.



MICROECONOMICS OF COMPETITIVENESS

Section II: Participating Universities in 2011

North America

US	Harvard University Loyola University, Maryland University of Alaska Anchorage University of Minnesota University of South Carolina University of Washington
Mexico	CETYS Universidad ITESM-EGAP ITESM- Puebla UPAEP

Europe

Albania	University of New York in Tirana
Austria	Vienna School of Economics
Bosnia and Herzegovina	University of Sarajevo
Bulgaria	Sofia University St. Kliment Ohridski
Croatia	J.J. Strossmayer University of Osijek
Czech Republic	Tomas Bata University in Zlin
Finland	University of Economics, Prague
France	Aalto University
Germany	Grenoble Graduate School of Business
Iceland	HHL-Leipzig Graduate School of Management
Ireland	University of Iceland
Italy	University College Cork LIUC - Carlo Cattaneo University SDA Bocconi
Monaco	International University of Monaco
Netherlands	Nyenrode Business Universiteit
Norway	BI Norwegian Business School
Poland	University of Warmia and Mazury in Olsztyn Warsaw School of Economics
Romania	Ion Mincu Institute for Architecture and Urbanism
Russia	Astrakhan State University Eurasia Competitiveness Institute (ECI)
Serbia	FEFA – Faculty of Economics, Finance and Administration
Spain	IESE (University of Navarra) Orkestra-Basque Institute of Competitiveness Universidad de la Laguna
Sweden	Stockholm School of Economics
Switzerland	Robert Kennedy College University of Applied Sciences Northwestern Switzerland University of Fribourg
UK	University of Bradford

Caribbean

Trinidad & Tobago	University of the West Indies
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Middle East/Central Asia

Armenia	American University of Armenia Yerevan State University
Egypt	American University in Cairo Cairo University Nile University
Morocco	Rabat School of Governance and Economics
Pakistan	Lahore University School of Management

Asia/Pacific

Australia	University of Ballarat School of Business
Bangladesh	University of Dhaka
Cambodia	University of Puthisastra
China	Peking University Tsinghua University
India	Institute for Competitiveness International Management Institute
Mongolia	National University of Mongolia
New Zealand	University of Otago
Singapore	National University of Singapore Lee Kuan Yew School of Public Policy
Taiwan	Yuan Ze University
Thailand	NIDA

Central/South America

Argentina	Universidad de San Andrés
Bolivia	Universidad Catolica
Brazil	FGV FGV-EBAPE
Chile	Universidad del Desarrollo
Colombia	Pontificia Universidad Javeriana Universidad de los Andes Universidad Nacional de Colombia
Costa Rica	INCAE
Ecuador	IDE Business School
Nicaragua	INCAE
Paraguay	Universidad Catolica “Nuestra Senora de la Asuncion”
Peru	Universidad Catolica
Uruguay	Universidad Catolica

Africa

Ghana	Ghana Institute of Management & Public Administration (GIMPA)
Kenya	Strathmore Business School
Nigeria	Lagos Business School
Rwanda	National University of Rwanda
South Africa	Gordon Institute of Business Science (GIBS)



MICROECONOMICS OF COMPETITIVENESS

Section III: Harvard Course Description

Course Content. This course explores the determinants of national and regional competitiveness from a bottom-up, microeconomic perspective. The course probes the ultimate determinants of a nation's or region's productivity, 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 the competitiveness of nations, subnational units such as states or provinces, and particular clusters. The course also examines the role that economic coordination among neighboring countries plays in competitiveness.

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 international competition, each of these institutions has an important role that is shifting. 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.

Harvard Course Structure and Pedagogy. At Harvard, the *Microeconomics of Competitiveness* is a University-wide course offered to graduate students from around the Harvard community, including the Harvard Business School, Harvard Kennedy School, and other Harvard and MIT graduate schools. The course provides a sufficient foundation in industry competition and competitive strategy to allow students without management training to grasp course concepts, although advanced training in economics or management is recommended.

The course is taught using the case method, together with readings, lectures, and guests. The case method requires extensive advance preparation by students for each class, and a significant part of the course grade is based on class participation. The course also involves a major team project involving the competitive assessment of a particular country and cluster.

Professor Michael E. Porter leads the course at Harvard and teaches the great majority of the sessions, together with other faculty from the Harvard Business School and elsewhere. Postdoctoral Fellows from the Institute for Strategy and Competitiveness assist in the class sessions and provide coaching for the team project.



MICROECONOMICS OF COMPETITIVENESS

Section IV: Harvard Course Outline for 2011

Microeconomics of Competitiveness: Firms, Clusters and Economic Development Winter 2011 – Overview

Harvard Business School (1290) and Harvard Kennedy School (PED-329)

Prof. Michael E. Porter

Hawes Hall 102 4:15-6:15 PM

Module	Date	Session	Case Study	Readings
Part I: Firms, Industries and Cross-Border Competition	1/31	Competitiveness: Overall Framework	<ul style="list-style-type: none"> Finland and Nokia (9-702-427) 	<ul style="list-style-type: none"> <i>On Competition</i> Chapters 2, 6, 7
	2/1	Competing Across Locations & Global Strategy for MNCs	<ul style="list-style-type: none"> Volvo Trucks (A): Penetrating the U.S. Market (9-702-418) 	<ul style="list-style-type: none"> <i>On Competition</i> Chapter 8
Part II: Locations and Clusters	2/8	The Diamond Model: Advanced Economies	<ul style="list-style-type: none"> The Japanese Facsimile Industry in 1990 (9-391-209) 	<ul style="list-style-type: none"> <i>Can Japan Compete?</i> Chapters 2, 3
	2/14	The Diamond Model: Developing/Transition Countries	<ul style="list-style-type: none"> Estonia in Transition (9-702-436) Chile: The Latin American Tiger? (9-798-092) 	
	2/15	Clusters and Cluster Development: Advanced Economies	<ul style="list-style-type: none"> The California Wine Cluster (9-799-124) The Australian Wine Cluster: Supplementary Information (9-703-492) 	<ul style="list-style-type: none"> <i>On Competition</i> Chapter 7
	2/28	Clusters in Developing Countries	<ul style="list-style-type: none"> Building a Cluster: Electronics and Information Technology in Costa Rica (9-703-422) 	
	3/1	Institutions for Collaboration	<ul style="list-style-type: none"> Asociación Colombiana de Plásticos (Acoplásticos) (9-703-437) Centre Suisse d'Electronique et de Microtechnique (CSEM) (9-703-438) Institutions for Collaboration: Overview (9-703- 	

Module	Date	Session	Case Study	Readings
			436)	
	4/5	Internationalization of Clusters	<ul style="list-style-type: none"> The Dutch Flower Cluster 	
Part III: Policy for Nations and Regions	3/7	Economic Strategy: Advanced Economies	<ul style="list-style-type: none"> Remaking Singapore (9-710-483) 	
	2/22	Economic Strategy: Developing Countries	<ul style="list-style-type: none"> Rwanda: National Economic Transformation (9-706-491) 	
	3/8	Economic Strategy: States and Sub-National Regions	<ul style="list-style-type: none"> The State of Connecticut: Strategy for Economic Development (9-703-426) 	<i>March 14-18 Spring Break</i>
	3/21	Economic Strategy: Cities	<ul style="list-style-type: none"> New York City: Bloomberg's Strategy for Economic Development (9-709-427) 	
	3/22	Economic Strategy: Cross-National Regions	<ul style="list-style-type: none"> Central America: Strategy for Economic Integration (9-703-425) 	
	3/28	European Integration	<ul style="list-style-type: none"> European Integration: Meeting the Competitiveness Challenge (9-708-421) 	
	3/29	Attracting Foreign Investment	<ul style="list-style-type: none"> Indonesia: Attracting Foreign Investment (9-708-420) 	
	4/4	Organizing for Competitiveness	<ul style="list-style-type: none"> Colombia: Organizing for Competitiveness (9-710-417) 	
		4/19		<ul style="list-style-type: none"> Korea
Part IV: Project Presentations	4/11	Team Project Presentations	<ul style="list-style-type: none"> Team Project Presentations 	
	4/12	Team Project Presentations	<ul style="list-style-type: none"> Team Project Presentations 	
Part V: The Process of Economic Development	4/25	Creating Shared Value	<ul style="list-style-type: none"> De Beers: Addressing the New Competitiveness Challenges (9-706-501) 	
	4/26	The Process of Economic Development/Course Summary	<ul style="list-style-type: none"> Ghana: National Economic Strategy (9-706-497) 	FINAL PROJECT REPORTS DUE 5/6



MICROECONOMICS OF COMPETITIVENESS

Section V: Technology Requirements

To conduct the course at your location, Harvard Business School (HBS) will provide you with access to downloadable files such as:

- Audio recordings of the HBS teaching group meetings where the pertinent class session's case is discussed and the teaching goals are determined;
- A video and slide view of each class lecture presented by HBS faculty;
- Edited videos of guest protagonists; and
- A video of the HBS class case discussion, which can be used to train faculty in the HBS case method.

In order to participate in the *Microeconomics of Competitiveness* and gain access to all course content, each affiliate school needs to have a minimum level of technical infrastructure and capabilities.

Connectivity. Because much of the interaction between HBS and your university will be through the Internet, you will need:

- A connection speed to the Internet of at least 750kbps; or
- Access to the Internet from an offsite location with a speed of at least 750kbps, such that the necessary files can be placed on a CD for your use at your location.

Please note that a 750 kbps connection is the minimum requirement and that a T1 connection will allow for the greatest flexibility in interacting with HBS for this course.

All of the video files are provided in downloadable formats. However, if you have a fast connection speed, then you may consider using streaming video when delivering material to your class. Due to the everyday risks of Internet connectivity, however, we recommend that you download the video of the lecture and provide it off of a local machine to your classroom. This will ensure a high quality video and a superior classroom experience.

Technical Contact. In order to facilitate all of the file transfers and technical communications, your university will need to appoint a technical contact responsible for coordinating all technology issues at your location. This person will be given access to the site where downloadable and streaming video/audio materials are located. This person should be responsible for downloading all of the lectures to your local machines or to a CD. He or she will also be the point of contact for the HBS technical team.

Instructor Website and Faculty Contact. Each school must appoint a faculty contact who will be responsible for coordinating course materials and communications with Professor Porter and his team. This individual will be given access to the Instructor site to access course materials as well as the video/audio files designed for their own preparation.

Student Website. Your location will be responsible for maintaining a student course materials website. This site provides students with access to assignment information, online course materials, and discussion boards.

MICROECONOMICS OF COMPETITIVENESS Technology Requirements

HBS will provide you with a template for this website as well as a way for your students to register for access to this site. This site is most often administered by the faculty teaching the course.

Video Playback Requirements. In order to playback any of the videos provided by HBS, you will need to meet the following configuration requirements:

- RealPlayer 7 or higher (RealPlayer settings should be set to optimize CPU and use optimized video display. However, in some systems you must deselect "use optimized video display" to get a good image.)
- Netscape 4.x or IE 4.x
- PowerMac or Pentium II with at least 4mb video ram
- Screen display of 800x600 to receive optimal viewing. (We recommend no greater than 1024x768 or the image may seem distorted.)

File Size and Storage. A typical one-hour video file is 250mb and the case discussion video alone is approximately 150mb in size. Therefore, for each class day, the multiple files you may need to download could reach approximately 400mb total. On a full 1.5Mbps T1, a normal class session will take approximately twenty-six minutes to download. At 750kbps, your location will still be able to download a session in about an hour.

There are approximately nineteen class sessions, which could bring the total storage space needed for these files to 6gb. If you do not put these files on CD, you will need to ensure that you have ample storage space to run them.

Videoconference Requirements. To enhance the learning experience of all students involved, Professor Porter may hold live videoconferences with participating universities.

For large group videoconferencing in a classroom setting, HBS prefers to conduct the call over traditional ISDN videoconferencing networks. However, we also have the ability to connect over I.P. based networks. You must meet the technical requirements below to conduct a videoconference over either method:

- Network: ISDN
Standard: H.320
Preferred Connection Speed (bandwidth): 384K
Minimum Connection Speed: 128K
Video Algorithms Supported: H.263, H.261
Audio Algorithms Supported: G722, G728
- OR**
- Network: I.P.
Standard: H.323
Preferred Connection Speed (bandwidth): 384K-768K
Minimum Connection Speed: 128K
Video Algorithms Supported: H.263, H.261
Audio Algorithms Supported: G722, G728

MICROECONOMICS OF COMPETITIVENESS Technology Requirements

To allow students to communicate between locations and to help facilitate the *Question & Answer* portions of the videoconference, you must have one of the following microphone configurations as well:

- One wireless microphone that can be easily passed between students;
- A single podium with a quality microphone that students may approach in an orderly fashion; or
- A microphone at each student's seat.

If you participate in a videoconference with Professor Porter, you will be asked to cover the cost of any line charges incurred as well as a \$750.00 fee.

“Sitting In” on the Harvard Class. If you choose to view a live lecture or case discussion happening at HBS, then you must have a connection of T1 or greater in order to gain the full benefits of this type of technology. Please note that a T1 (1500kbps) connection would be shared with whatever other Internet traffic you may have, so the larger your connection the better. You will be asked to cover a \$450.00 Boston technical support fee.

Final Note. Please be aware that there may be other course technology implemented before the start of the 2011–2012 academic year. The HBS technology team will communicate with you to determine your capabilities and needs.



MICROECONOMICS OF COMPETITIVENESS

Section VI: How to Obtain More Information

If you wish to learn more about the *Microeconomics of Competitiveness* or you wish to learn how you and your school can participate, please contact the MOC Program Manager at moc@hbs.edu.