PA 5590
Regional Competitiveness in a Global Economy*

Fall Semester 2019  •  3 Credits
Tuesdays, 6:00 - 8:45 p.m.
Room ___ Humphrey School

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Office Hours: By appointment

Course Description:
What makes a country, a state or a region successful? This course examines both advanced and developing economies and addresses competitiveness at multiple levels – nations, sub-national 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, state 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 regional competitiveness in a global economy. This is a strategy course, where students put theory into practice by applying methods and tools of analysis taught in the course that enable students to complete a competitive analysis of an industry cluster.

The course is based on a case-study course developed by Professor Michael Porter and a team of his colleagues at the Harvard Business School. The course focuses on the sources of national or regional competitiveness, 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. Social progress and shared value are discussed as necessary factors for effective and sustainable economic development.

Requirements:
The class format will consist of case studies, readings, lectures, guest speakers, and a strong emphasis on teamwork and class participation.

➢ Team members will be expected to prepare and present a competitiveness report for a country, state, or region with a cluster analysis and policy recommendations, to give an oral presentation to a guest jury, and to assess their own performance as a team.

The following are the components that will determine the final grade for the course:

• Participation in case studies, class discussions, and team case study presentation (30%)
• Competitiveness report (50%)
  o Competitiveness project overview slides (10%) – schedule for October 16-22.
  o Draft competitiveness report (10%) – due Nov 19
  o Oral presentation (15%) – Dec 17
  o Final competitiveness report (15%) – due Dec 19
• Teamwork – Team member evaluations (10%) – due Dec 19
• Reflective paper (10%) – due Dec 19

The project team will meet at least once during each week outside of class for the purpose of discussing the project, making plans, and assigning responsibilities.

* The previous title of this course was PA 5590 “Economic Competitiveness: Firms, Clusters and Economic Development.”
Competitiveness Project:
Teams of 3 to 5 students will prepare competitiveness report for a country, state or region, which will include a chosen industry cluster, analysis and policy recommendations related to the cluster.

The competitiveness report should include the following components:

Executive brief of your competitiveness report with findings and recommendations

Short profile of the country, state or region, e.g., location, endowments, size, legacy
   o composition of the regional economy, mix of economic activity by cluster and how it is changing – location quotients, shift-share analysis
   o describe economic growth, productivity, innovation, and social measures over time as is possible
2. Assessment of regional competitiveness
   o macroeconomic, political, legal and social context
   o business environment, including the impact of government policies
3. Identify institutions for collaboration connected to the cluster
4. Identification of key competitiveness issues facing the region
5. Policy process and recommendations to increase the competitiveness of the region

Specific details on the chosen cluster
1. Mapping of the cluster
   o the participating firms, suppliers, service providers, research organizations, institutions for collaboration, etc.
2. Historical evolution of the cluster:
   o birth, development and (if relevant) decline and their causes
3. Cluster performance; current and trends over time
4. Profile of the relevant market
   o what is done locally and what is done elsewhere in this type of cluster?
5. Identification of competing clusters in other states/regions
   o key similarities/differences with the chosen cluster
6. Assess cluster competitiveness:
   o describe cluster-specific business environment, key companies, extent of collaboration, nature and impact of cluster-specific government policies
7. What key competitiveness issues are facing the cluster?
   o skills training, education, transportation
8. Policy recommendations to increase the competitiveness of the cluster

Required Readings:

Harvard Business School case studies developed by Michael Porter and his colleagues for their Microeconomics of Competitiveness course (available through Canvas website for course).
Course Schedule:
The course schedule is as follows. Topics will be presented through lectures by the instructors, discussions with policy leaders and experts, phone conferences with national experts, and class discussions. Students should read case studies before class and be prepared to answer case study questions. Students will be given access to case studies and questions through the University of Minnesota Canvas website. Students should read assigned chapters in the Porter book before each class and send two questions to instructors regarding the readings by Friday before each class. Key due dates are shown in bold.

SEP 3  
Course introduction. What is economic competitiveness?  
- 10 Emerging Principles of Economic Development – Munnich  
- Applying Cluster Strategy as Practitioner – Murphy  
- CEO to CEO Conversations: Mayors Talk with Business Leaders About Growing Jobs in Minnesota – Schmit  
Course overview. Using the Canvas site. Discussion of student team cluster study requirements and topics, timetable and expectations. Review past student cluster studies. Overview and Impact of MOC Network.

SEP 10  
Industry Competition and Strategy: The Diamond Model  
Porter, *On Competition* Chapter 7  
Clusters and Cluster Development: Advanced Economies – Munnich & Schmit  
- The California Wine Cluster (9-799-124)  
- The Australian Wine Cluster: Supplementary Information (9-703-492)  
The case studies now: student-led briefing & discussion  
Laptop Lab: The US cluster mapping web site, location quotients and shift share analysis. Select competitiveness report student teams.

SEP 17  
Competitiveness: Overall Framework  
Making Sense of Clusters – Joseph Cortright, Impresa (by Skype)  
- Cortright. *Making Sense of Clusters: Regional Competitiveness and Economic Development*  
- Building a Cluster: Electronics and Information Technology in Costa Rica (9-703-422) – Murphy  
The case study now: student-led briefing & discussion – Student(s) #1  
*Jose Maria Figueres, Former President of Costa Rica (video)*  
**Student Teams confirm competitiveness report topic**
Students each should submit two questions for discussion regarding Porter chapter readings 2 and 8 by Friday, September 20. Post on Canvas.

SEP 24  
Competing Across Locations & Global Strategy for MNCs  
Porter, *On Competition* Chapters 2 and 8  
- Volvo Trucks (A): Penetrating the U.S. Market (9-702-418) – Schmit  
The case studies now: student-led briefing & discussion – Student(s) #2  
**Guest Speaker: Perspectives on Location & Competitiveness**  
**Student Teams submit location quotient and shift share analysis.**
Students each should submit two questions for discussion regarding Porter chapter readings 6 and 7 by Friday, September 27. Post on Canvas.

OCT 1  
Institutions for Collaboration  
Porter, *On Competition* Chapters 6 & 7  
- Asociación Colombiana de Plásticos (Acoplásticos) (9-703-437) – Murphy  
- Centre Suisse d’Electronique et de Microtechnique (CSEM) (9-703-438)
• Institutions for Collaboration: Overview (9-703-436)

The case study now: student-led briefing & discussion – Student(s) #3

*Guest Speaker: Perspectives on Collaboration*

**OCT 8**

Cluster Internationalization
Review Porter Theory & Cluster Analysis Tools
• The Dutch Flower Cluster (9-711-507) – Munnich

*Dirk Hogervorst, FloraHolland* (video)

The case study now: student-led briefing & discussion – Student(s) #4

*Student Teams submit diamond model analysis.*

**OCT 15**

Developing & Transition Countries
• Estonia: From Transition to EU Membership (N9-713-479) – Team #1
• Chile: The Latin American Tiger? (9-798-092)

The case studies now: student-led briefing & discussion – Team #1

Other perspectives on industry clusters.
• Martin and Sunley, “Deconstructing Clusters”
• Ketels. “Recent research on competitiveness and clusters: what are the implications for regional policy?”

*Student Teams submit cluster map.*

**Draft competitiveness report slide presentations. Schedule one hour team presentations Oct 16-22.**

**OCT 22**

Strategy: Advanced Economies
• Remaking Singapore (9-710-483) – Murphy

The case study now: student-led briefing & discussion – Student(s) #5

*Students each should submit two questions for discussion regarding Porter chapter 10 by Friday, October 25. Post on Canvas.*

**OCT 29**

Economic Strategies: Cities
• New York City: Strategy for Economic Development (9-709-427) – Team #2

The case study now: student-led briefing & discussion – Team #2
• Porter, *On Competition* Chapter 10

*Guest Speaker: Rochester Destination Medical Center*

**NOV 5**

Economically Distressed Communities
• St. Louis: Inner City Economic Development, (9-704-492) – Team #3

The case study now: student-led briefing & discussion – Team #3

Workforce Innovation Opportunity Act – inclusive strategies in education and workforce development – Murphy

*Guest Speaker: Addressing Economic Disparities*

**NOV 12**

Rural Economic Competitiveness Strategies
• Munnich, Shrock, and Cook. *Rural Knowledge Clusters: The Challenge of Rural Economic Prosperity*

*Perspectives in Rural Development & Competitiveness – Schmit*

**NOV 19**

Economic Strategy: Developing Economies
• Colombia: Organizing for Competitiveness (9-710-417) – Munnich

The case study now: student-led briefing & discussion – Student(s) #6

*Guest Speaker: Perspectives in Regional Economic Strategy*
Student Team competitiveness report drafts due
Students each should submit two questions for discussion regarding Porter chapter 12 by Friday, November 22. Post on Canvas.

NOV 26
Other Aspects of Competitiveness:
Cross-Sector Collaboration & Government Alignment – Schmit
- Porter, *On Competition* Chapter 12
- Rapson, *Cross-Sector Collaboration is Vital to Economic Development*
- Porter, *Clusters and Economic Policy: Aligning Public Policy with the New Economics of Competition*

*Guest Speaker: Perspectives in Cross-Sector Collaboration*
Student Team competitiveness study draft feedback

DEC 3
Economic Competitiveness Recap & Course Summary
- Porter, *Shared Value* – Murphy
Expectations for jury presentation. Overview and feedback on course.

DEC 10
Project Team Work Session - work on oral presentations and final report.

DEC 17
Oral presentations to guest jury

DEC 19
Final competitiveness report due. Reflective paper due. Team evaluations due.

**Recommended Readings:**


Lee W. Munnich, Jr., Schrock, Gregory, and Cook, Karen. *Rural Knowledge Clusters: The Challenge of*


Students are encouraged to identify other readings related to industry clusters and economic development.