

Fulbright Economics Teaching Program

2015-2016

Spring Semester

REGIONAL AND LOCAL DEVELOPMENT

Teaching Team

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Guest speaker:	Phan Chanh Duong	E-mail: duongpc@fetp.edu.vn
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Class Meetings

Tuesday and Thursday: 10:15 – 11:45 am

Office hours

	Monday	Tuesday	Wednesday	Thursday	Friday
Vu Thanh Tu Anh			15:30 – 17:30		15:30 – 17:30
Huynh Trung Dung		15:30 – 17:30		15:30 – 17:30	
Dao Thi Ngoc			15:30 – 17:30		15:30 – 17:30

Course objectives and teaching method

This is a course on competitiveness and economic development, taking a bottom-up and microeconomic perspective. This course is built the Microeconomics of Competitiveness framework by Professor Michael Porter at the Harvard Business School.

The objective of this course is to address the question: How does a constituency (national government, sub-national government, region, cluster, industry association and others) build up its competitiveness to achieve the development goals?

The course will make an extensive use of case studies, mostly drawn from the FETP and Harvard Business School's case libraries. Before each class, the students are encouraged to read and prepare the case well in advance since a significant part of the course grade will be based on participation. The course also involves a team project in which the team assesses the competitiveness of and makes recommendations for a particular constituency.

Course description

The course is divided into six parts. In Part I, students will be introduced to the basic concepts and analytical framework of Microeconomics of Competitiveness. This part begins with a

definition of competitiveness and a discussion of its determinants. These concepts will then be illustrated by the course's first case in which students learn how to analyze a typical Microeconomics of Competitiveness case study.

In Part II students are introduced with an important analytical tool - the so-called "diamond model," and a key concept - the industrial cluster. The diamond model is a useful way to analyze the attributes of a constituency's competitive advantage. These attributes include factor conditions, demand conditions, related and supporting industries, and firm strategy, structure and rivalry. A cluster is defined by Porter as "a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities." The cluster concept represents a way of thinking about how to coordinate, build and upgrade the competitiveness of a national, regional, or local economy by increasing productivity and operational efficiency, stimulating and enabling innovations, and facilitating the formation of new businesses.

Part III introduces a series of case studies on the economic strategy at different scopes (broad economic area, nation, and sub-nation) and for different types of economies at various levels of development (advance, developing, and transition). Competitive advantage resides in the value chain, and strategy is a concerted mean to prioritize, configure, and link activities in the value chain all together. By the end of this part, students will be aware that many things matter for competitiveness and progress must be made simultaneously on multiple fronts, from company sophistication to cluster development to business environment quality. However, because of the limited resource, progress cannot be made equally on every front, and therefore strategic decision must be made to tackle the weakest links that constrain productivity and capitalize on the strongest comparative advantages.

Part IV is then devoted to the discussion of how an economy upgrades its economy. Economic development depends on a continuous improvement of factors that contribute to the competitiveness. This process of economic upgrading ultimately depends on how a constituency effectively mobilizes and productively uses its human, capital, and natural resources. For a typical developing country, a critical task in this process is to develop the domestic private sector, attract foreign investment, and build up human resources; all need to be done in a concerted and coordinated manner.

Part V is reserved for the in-depth discussion on various aspects of Vietnam's competitiveness. It starts with a discussion on Vietnam's provincial competitiveness illustrated by the three typical case studies from the Northern, Central and Southern region, then moves to Vietnam's regional competitiveness, and finally Vietnam's national competitiveness. This part uses the newly published report on Vietnam's competitiveness (VCR 2010) to discuss the fundamental factors of the Vietnamese economy, its performance, and recommend an agenda for enhancing its competitiveness for the years to come.

Finally, in Part VI students are required to do a group project. This will be an opportunity for students to apply fundamental concepts and analytical framework to formulate a competitive strategy for a specific constituency. While implementing this project, groups have to report to the teaching team periodically about their topic, content, and progress of the project. At the

same time, the teaching team will also invite speakers to come to discuss topics of Microeconomics of Competitiveness, especially those areas in which students need more information in the process of doing their projects.

Course Requirements

This course is highly practical and applied. During the time of this course, students need to take every opportunity, both inside and outside class, to apply the concepts and analytical framework of Microeconomics of Competitiveness into practice.

Students are recommended to attend classes regularly, complete all requirements, including the written assignments and group projects. This course puts a heavy weight on students' participation and discussion during lectures and case studies.

While working on the group project, students are encouraged to work in the spirit of cooperation and creativity. To ensure this process is completed on time, below are the deadlines that the groups should follow:

- 31/3: Topic selection
- 25/4: Project outline submission
- 16/5: The 1st draft submission
- 27/5: The final draft submission
- 31/5 (5 pm): Powerpoint Submission

Course Assessment

Each student will be evaluated based on the quality of their participation in case study discussion, their written report and presentation. Specifically, the grade is structured as follows:

- Class participation: 30%
- Case study memo: 30%
- Field trip report: 10%
- Group written report: 20%
- Group presentation: 10%

References:

- Porter, Micheal E. (2008). *On Competition*, The Harvard Business Review Book Series, The Updated and Expanded Edition.
- Central Institute of Economic Management and Lee Kwan Yew School of Public Policy (2010). *Vietnam Competitiveness Report 2010*, Hanoi.
- Porter, Micheal E. (1998). *Comparative Advantage of Nations*, The Free Press, a Division of Simon & Schuster Inc., Second edition.

Module	Date	Session	Case Study	Readings
I: Introduction to Microeconomics of Competitiveness	16/2	1. Overall Framework: Defining Competitiveness and Its Determinants		<i>Introduction of a theoretical framework for competitiveness evaluation</i>
	18/2	2. Overall Framework: Economic Strategy and Organizing for Competitiveness		<i>On Competition Chapters 2, 6, 7</i>
	23/2	3. Firm, Cluster, and Nation's Competitiveness	Finland and Nokia (9-702-427)	<i>On Competition Chapters 2, 6, 7</i>
II: Locations and Clusters	25/2	4. Introduction to theories of clusters:		<i>Introduction of a theoretical framework for competitiveness evaluation</i>
	01/3	5. Clusters and Cluster Development: Advanced Economies	The California Wine Cluster (9-799-124)	
	03/3	6. Clusters and Cluster Development: Developing/Transition Countries	Building a Cluster: Electronics and Information Technology in Costa Rica (9-703-422)	<i>Alcácer & Herman, Intel: Strategic Decisions in Locating a New Assembly and Test Plant</i>
	08/3	7. Institutions for Collaboration	Asociación Colombiana de Plásticos (Acoplásticos) (9-703-437) Institutions for Collaboration: Overview (9-703-436)	
	10/3	8. Summary and Discussion on Part II		
III: Economic Strategy for Nations and Regions	15/3	9. Framework for Analyzing a Nation's Economic Strategy		<i>The Competitive Advantage of Nations, Chapters 1</i>

	17/3	10. Economic Strategy: Advanced Economies	Transforming Korea Inc.: Financial Crisis and Institutional Reform (9- 708-007)	
	22/3	11. Economic Strategy: Developing Economies	Malaysia: Half Way to 2020 (9-707-002)	
	24/3	12. Economic Strategy: Transition Economies	China: Building Capitalism with Socialist Characteristics (9-706-041)	
	29/4	13. Summary and Discussion of Part III		
IV: Upgrading and Organizing for Competitiveness	31/3	14. Economic Upgrading: Attracting Foreign Investment	Indonesia: Attracting Foreign Investment (9- 708-420)	
	12/4	15. Economic Upgrading: Private Sector Development	FETP case: Binh Duong as business's companion	World Bank's, <i>Doing Business</i> 2011
	14- 15/4	FIELDTRIP		
	19/4	16. Economic Upgrading: Maintaining Surplus in Human Resource		<i>The Penang Skill Development Center in Malaysia</i>
	21/4	17. Economic Upgrading: Restructuring to Upgrade Efficiency and Productivity	Singapore: Committee on Singapore's Competitiveness (HKU 033)	<i>Vietnam's Economic Restructuring Proposal</i>
	05/5	18. Organizing for Competitiveness	Remaking Singapore (9-710-483)	<i>McKinsey: Maintaining Growth in Vietnam: Productivity Challenge</i>
V: Assessment of Vietnam's Competitiveness	10/5	19. Vietnam's Provincial Competitiveness [1]	An Giang: Improving prerequisites for Local Development (FETP	

	12/5	20. Vietnam's Provincial Competitiveness [2]	Case) Ho Chi Minh City: Maintaining Competitiveness (FETP Case)	<i>Building development plan of HCMC towards the East Sea</i>
	17/5	21. Vietnam's Provincial Competitiveness [3]	Chu Lai Open Zone: The Lab for Institutional and Policy Reform (FETP Case)	<i>Reviewing Quang Nam Competitiveness</i>
	19/5	22. Vietnam's Provincial Competitiveness [4]	Ninh Binh: Trade-off between short-run and Long-run competitiveness (FETP case)	
	24/5	23. Vietnam's Regional Competitiveness		<i>Mekong Delta: Linkage for sustainable development and competitiveness enhancement</i>
	26/5	24. Vietnam's Competitiveness Foundations and Agenda		<i>VCR 2010</i>
VI: Team Project Presentations	01/6	Team Project Presentation		