

# BUSINESS ENVIRONMENT AND COMPETITIVENESS

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*Course Syllabus — spring 2020*  
*Lecturer & Class Teacher: Artem O. Altukhov*

## § Course Description

*Business environment & competitiveness* is a one-module course offered to the second-year students specializing in International economics and business. The course purports to introduce the students to the foundations of competitiveness studies pioneered by Professor Michael E. Porter.

The notion of competitiveness, leading edge in modern economics, integrates the different dimensions of economic and management policies seeking to bring a higher level of profitability for businesses and of prosperity for cities, states, and regions. By taking a microeconomic perspective on wealth-creating processes, competitiveness framework emphasizes the characteristics of firm's behavior, industry structure, business environment, and cluster development as the key factors behind national and regional productivity and prosperity.

The main objective of the course is thus to enable students to operate within the methodological framework of international competitiveness of companies and nations and to explore, define, and evaluate competitiveness strategies on both micro and macro levels.

As the sole prerequisite, the students are expected to have mastered the first-year introductory course in economic theory.

## § Course Evaluation & Coursework

The final grade shall be determined as per the following weights:

- In-class participation — 35%
- In-class essay — 30%
- Final exam (group project) — 35%

*In-class participation* accounts for a substantial share of the final grade, as it is crucial for learning experience. The students are thus expected to engage with the core ideas of the course as discussed in lectures and readings and to arrive to class well prepared. The participation shall be evaluated based on:

1. Your contribution to the discussion of a given problem or business case based on the concepts we learn. The quality of your comments — critical thinking, relevance to the topic, conceptual links to the previous topics you make, and rhetorical aptitude — is more important than the quantity of the same.
2. Your in-class behavior, including punctuality, non-distraction, constructive and respectful attitude towards your peers and the comments they make.

*In-class essay* of approximately 700 words will be offered midway through the course. A list of broad topics will be disseminated no later than one week before the session in which you are to write the essay. In that session, you will receive the exact list of questions and a standard-issue *Essay Checklist* for your convenience. Usage of any materials other than these will result in a zero mark.

*Group project* requires the student to produce a written report and a presentation in collaboration with an assigned team of four colleagues. Such teams' composition shall be announced by the time of the third session. The project has to examine a cluster within a country/region of the team's choice *not* covered by the cases studied in class (see below). Whilst preparing the project, please observe the following guidelines:

1. The *written report* should be structured as follows:
  - a. Introduction
  - b. Country/regional context analysis:
    - i. Short profile of the country/region (e.g., factor endowments, locational factors, size, legacy, political system)
    - ii. Overall economic and socioeconomic performance (e.g., economic growth, GDP per capita level and growth, productivity, rate of innovation, measures of social development)
    - iii. Composition of the economy by cluster and the relative performance of the chosen cluster
    - iv. Macro (country/regional) competitiveness performance, with a focus on areas relevant to the cluster

- v. Quality of the national business environment, with a focus on areas relevant to the cluster
  - vi. Identification of key country/regional competitiveness issues that are important to the cluster
- c. Cluster analysis:
- i. Profile of the cluster including its products and services and types of customers served
  - ii. Description and mapping of the cluster actors (firms, suppliers, service providers, related industries, research and educational organizations, institutions for collaboration, etc.)
  - iii. Historical timeline of the cluster: birth, development, and (if relevant) decline and their causes
  - iv. Cluster performance; current and trends over time
  - v. Identification of key competing clusters in other countries/regions; overview of similarities/differences with the chosen cluster
- d. Cluster competitiveness assessment:
- i. Strengths and weaknesses in the cluster
  - ii. Nature and evaluation of diamond of cluster-specific government policies
  - iii. Extent of collaboration
  - iv. Key competitiveness issues facing the cluster
- e. Policy recommendations to increase the competitiveness of the cluster, including recommendations for national and regional governments, cluster participants, and other relevant stakeholders

The report ought to be written in a clear and concise manner, made up in 12 pt. serif font (Times New Roman or a more elegant one) on standard A4 paper with double spacing and 2 cm margins for all sides. The report should be six to nine pages (2,500±300 words) long excluding the title page, data tables and diagrams (if any), and bibliography. For the latter, please choose a citation standard (APA, Chicago, Harvard, etc.) and use it consistently. Cite your sources carefully, remembering that you are bound by the HSE Code of Conduct, including the provisions for plagiarism, at all times.

2. The *presentation* of your report, no longer than 15 minutes, followed by a Q&A session. The presentation should be legible (avoid questionable

color pairings and any text smaller than 18 pt), concise (present but the essence of your findings), and, ideally, interesting for the entire class. You are free to select whichever member(s) of the team are to present, although I reserve the right to address subsequent questions to any member of the team.

3. Each team is required to email a digital copy of both the report and slides to [altukhov@live.com](mailto:altukhov@live.com) no later than 24 hours before the scheduled presentation. I shall evaluate each team based on:
  - a. The content of report (coverage of the topics above, originality, ability to summarize and interpret relevant information, ability to apply the concepts and tools studied in class, writing and formatting skills);
  - b. Presentation skills (comprehensiveness, time management, clarity, ability to engage the audience) as specified under the *Academic Presentation Evaluation Rubric (Advanced Level)*.

The same grade will be awarded to each member of the team except in unusual circumstances.

*Final exam* will be closed-book and will consist of a multiple-choice test and several free-response questions. The exam will be comprehensive, which means it will cover the contents of the entire course.

## § Readings

Selected chapters from Michael Porter's *On Competition* (2008), denoted *OC* below and several relevant papers shall be assigned each week. Students are expected to have read the material before attending the lectures.

Porter, M. E. (1998, November–December). Clusters and the New Economics of Competition. *Harvard Business Review*, 76(6), 77–90.

Porter, M. E. (2008). *On Competition, Updated and Expanded Edition*. Boston, MA: Harvard Business Review Press.

Porter, M. E., & Kramer, M. R. (2011, January–February). Creating Shared Value. *Harvard Business Review*, 89(1–2), 62–77.

Seminars will be case-based, which requires the students to read the case carefully before coming to class and to attempt answering the questions following the case. Cases will be distributed during the lecture preceding the seminar.

A tentative schedule of assignments is provided below.

## § Course Outline

<i>Nº</i>	<i>Topic</i>	<i>Reading</i>	<i>Seminar Assignment</i>
1	Course Introduction. Competitiveness: Overall Framework	—	OC Ch.1
2	Firms' competitive strategies and operations	OC Ch.2	<i>Uber: Changing the Way the World Moves</i> (case)
3	Creating shared value	OC Ch.3	<i>Nestlé's Creating Shared Value Strategy</i> (case), <i>Creating Shared Value</i> (2011)
4	Quality of the business environment: the Diamond Model	OC Ch.6	<i>The California Wine Cluster</i> (case)
5	Competitiveness at the sector level. Clusters and clusters development. <i>Team Project Review. In-class essay</i>	OC Ch.7	<i>The Dutch Flower Cluster</i> (case), <i>Clusters and the New Economics of Competition</i> (1998)
6	Competitive strategy at the city level: Smart Cities	OC Ch.10	<i>Competitiveness of Cities: Making Barcelona Smart</i> (case)
7	<i>Why Nations Fail: the role of inclusive vs. extractive institutions</i>	TBD	TBD
8	Competitive strategy at the national level. WEF Global Competitiveness Framework	TCC Ch.3	<i>Vietnam: Sustaining the Growth of an Asian Tiger</i> (case)
9	Competitive strategy at the regional level. Regional Competitiveness Index	OC Ch.8	<i>European Integration: Meeting the Competitiveness Challenge</i> (case)
10	<i>Team projects presentations</i>		

## § Office Hours

By appointment via [altukhov@live.com](mailto:altukhov@live.com).