

Armenian Competitiveness: Towards a Strategy for Economic Development

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This presentation draws on ideas from Professor Porter's books and articles, in particular, "Building the Microeconomic Foundations of Prosperity," in *The Global Competitiveness Report 2004-05* (World Economic Forum, 2004); "Clusters and the New Competitive Agenda for Companies and Governments," in *On Competition* (Harvard Business School Press, 1998). No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of Michael E. Porter.

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Armenia's Economic Performance

- Solid recent economic growth, above that of many CIS peers, has significantly **raised prosperity**
- Growth has been driven by a combination of **policy reforms**, a **favorable external environment**, and the **availability of unusual production capacity** after the Russian crisis
- Despite the recent growth, Armenian prosperity is still **below** the 1991 level



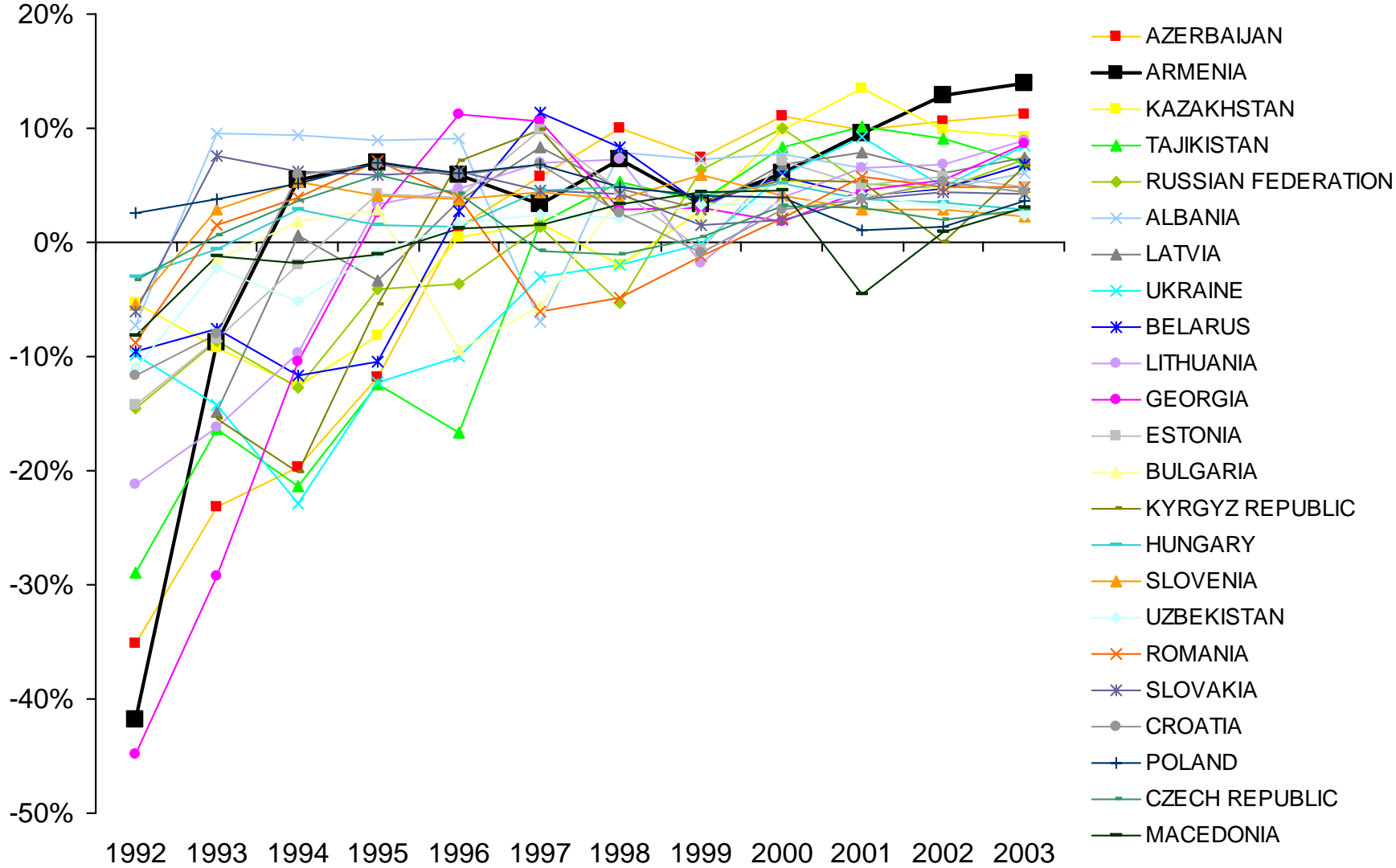
- Armenia is moving in the right direction but there are serious concerns whether **progress is fast enough** to reduce emigration and support sustainable growth in prosperity
- Armenia also faces a significant **strategic challenge** in deciding where and how it can be competitive given the constraints of its problematic relations with neighbors

Comparative Economic Performance

Real GDP Growth Rates

Countries sorted by 1998-2003 annual real GDP growth rate (CAGR)

Annual growth rate of real GDP

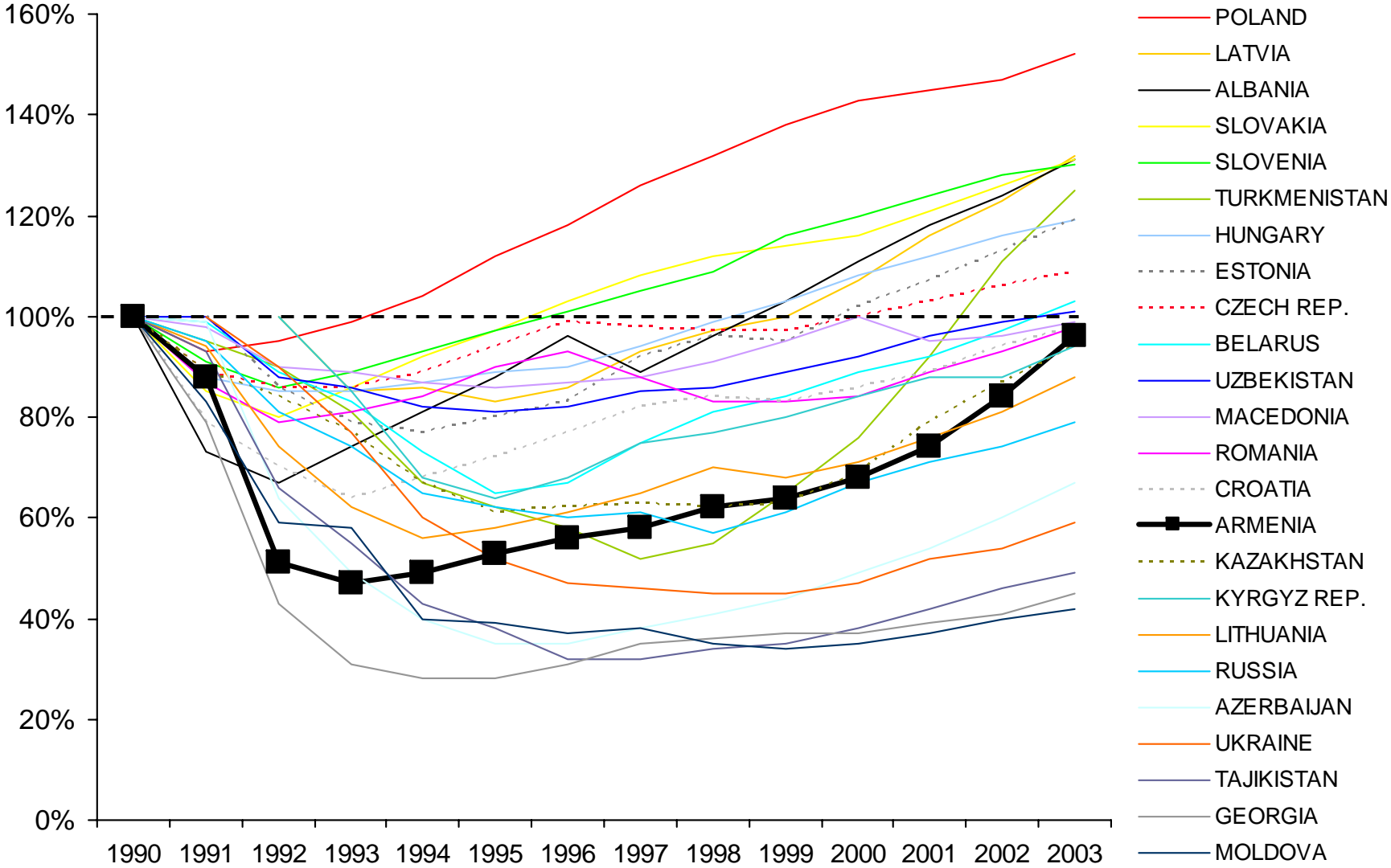


Source: EIU (2004)

Comparative Economic Performance

Level of Real GDP

Level of real GDP,
1990 = 100

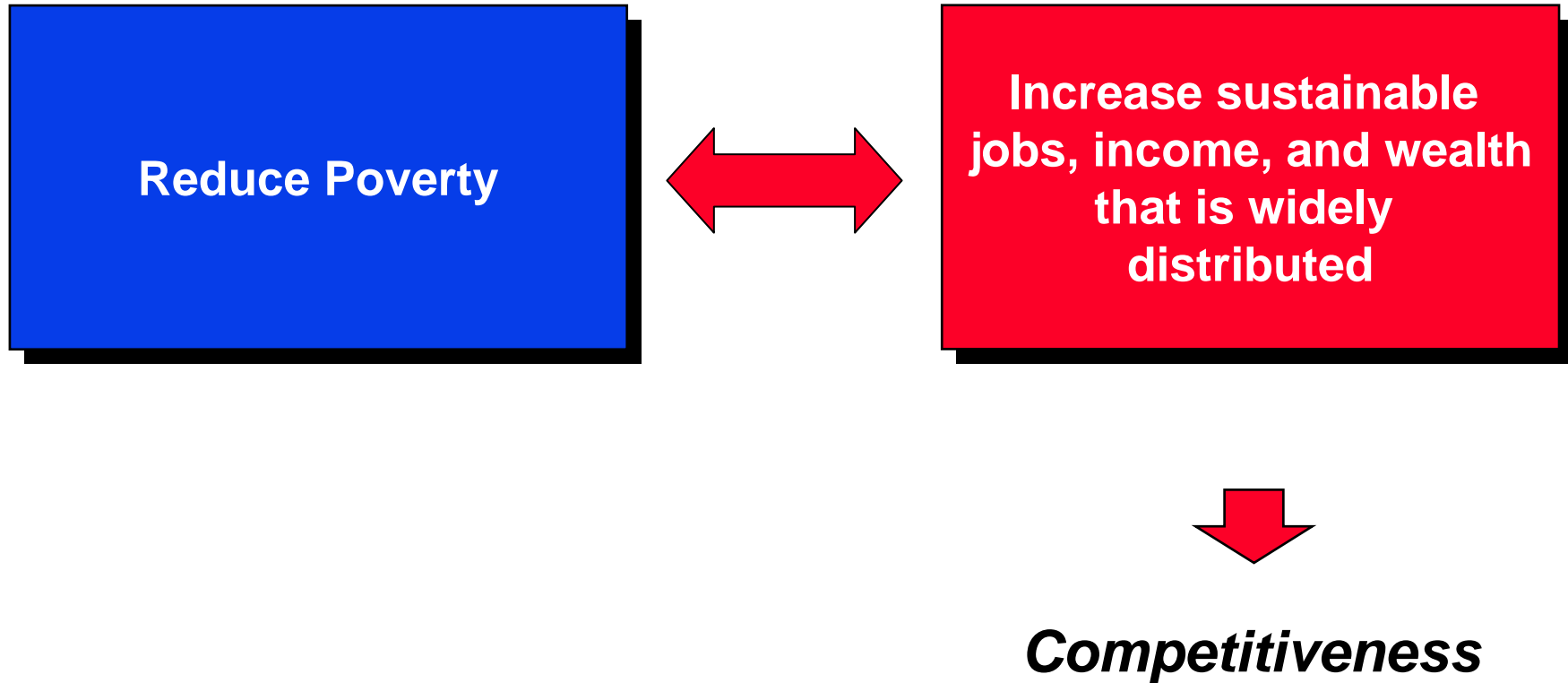


Source: EIU (2004), author's calculations

Armenia's Competitiveness

- **Foundations of Competitiveness**
- Assessing Armenia's Current Position
- Armenia's Competitiveness Agenda

Defining the Right Goal



What is Competitiveness?

- The competitiveness of a nation or region is determined by the **productivity (value per unit of input)** with which it utilizes its human, capital, and natural resources. Productivity sets a nation's or region's standard of living (wages, returns on capital, returns on natural resources)
 - Productivity depends both on the **value** of products and services (e.g. uniqueness, quality) as well as the **efficiency** with which they are produced
 - It is not **what** industries a nation or region competes in that matters for prosperity, but **how** firms compete in those industries
 - Productivity in a nation or region is a reflection of what both domestic and foreign firms **choose to do in that location**. The location of ownership is secondary for national prosperity
 - The productivity of **“local”** or domestic industries is of fundamental importance to productivity and competitiveness, not just that of traded industries
 - Devaluation and revaluation do **not** make a country fundamentally more or less competitive



- Nations or regions compete in offering the **most productive environment** for business
- The public and private sectors play **different but interrelated roles** in creating a productive economy

Determinants of Competitiveness

Macroeconomic, Political, Legal, and Social Context

Microeconomic Foundations

The Sophistication
of Company
Operations and
Strategy

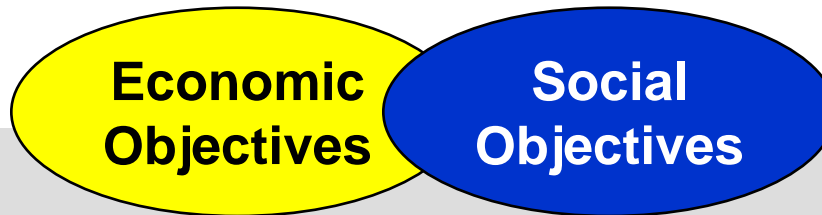


The Quality of the
Microeconomic
Business
Environment

- A sound macroeconomic, political, legal, and social context creates the potential for competitiveness, **but is not sufficient**

Integrating Economic and Social Policy

- There is a **synergy** between economic and social objectives



- The **competitiveness of companies** depends heavily on
 - Rising skill levels
 - Safe working conditions
 - A sense of equal opportunity
 - Low levels of pollution (pollution is a sign of unproductive use of physical resources)
- Efforts to meet social objectives must be **aligned with productivity** and equip citizens to **succeed in the market system**
- Efforts to improve social conditions must take place **in parallel** to economic reform

Integrating Economic and Social Policy

Examples

Training

- Organize training investments around clusters

Housing

- Create mechanisms to encourage home ownership; provide incentives for new company formation in the construction cluster; reduce unnecessary costs of housing construction due to regulatory and admission delays; secure property rights to residents

Health Care

- Create incentives for private insurance; open health care delivery to competition

Social Security

- Establish a private pension system. Link welfare payments with training and incentives to return to the workforce

Environmental Quality

- Institute a regulatory regime that encourages environmental stewardship; invest in technical assistance in eco-efficient processes and practices

Productivity and the Business Environment

Context for Firm Strategy and Rivalry

Factor (Input) Conditions

- **Presence of high quality, specialized inputs** available to firms
 - Human resources
 - Capital resources
 - Physical infrastructure
 - Administrative infrastructure (e.g. business registration, permitting licenses)
 - Information infrastructure
 - Scientific and technological infrastructure
 - Natural resources

- A local context and rules that encourage **investment** and **sustained upgrading**
 - e.g., Intellectual property protection, property rights
- **Meritocratic incentive systems** across all major institutions
- Open and vigorous **local competition**

Demand Conditions

- **Sophisticated and demanding** local customer(s)
- Local customer needs that **anticipate** those elsewhere
- Unusual local demand in **specialized segments** that can be served nationally and globally

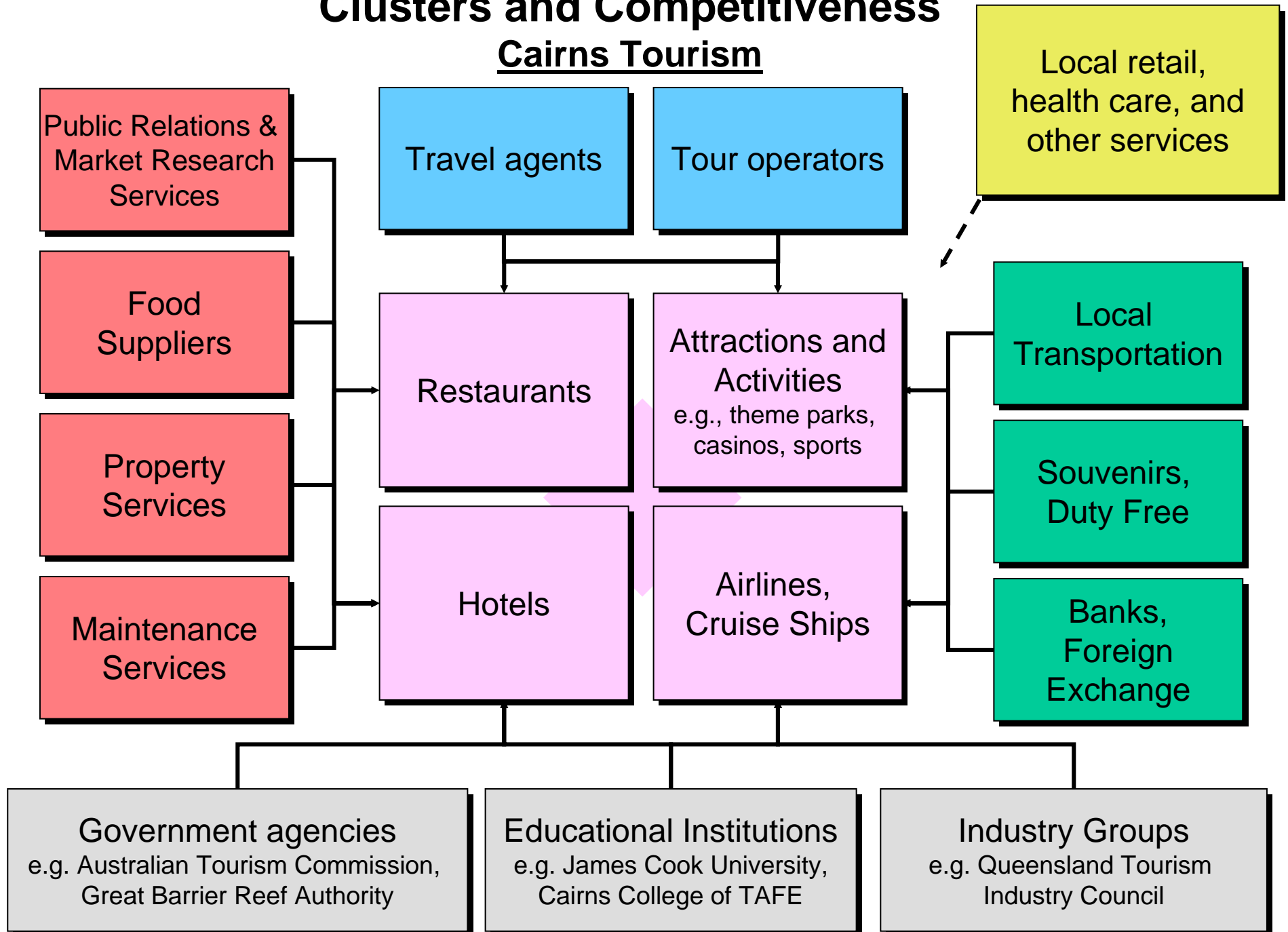
Related and Supporting Industries

- Access to capable, locally based **suppliers** and firms in **related fields**
- Presence of **clusters** instead of isolated industries

- Successful economic development is a process of **successive economic upgrading**, in which the business environment in a nation evolves to support and encourage **increasingly sophisticated ways of competing**

Clusters and Competitiveness

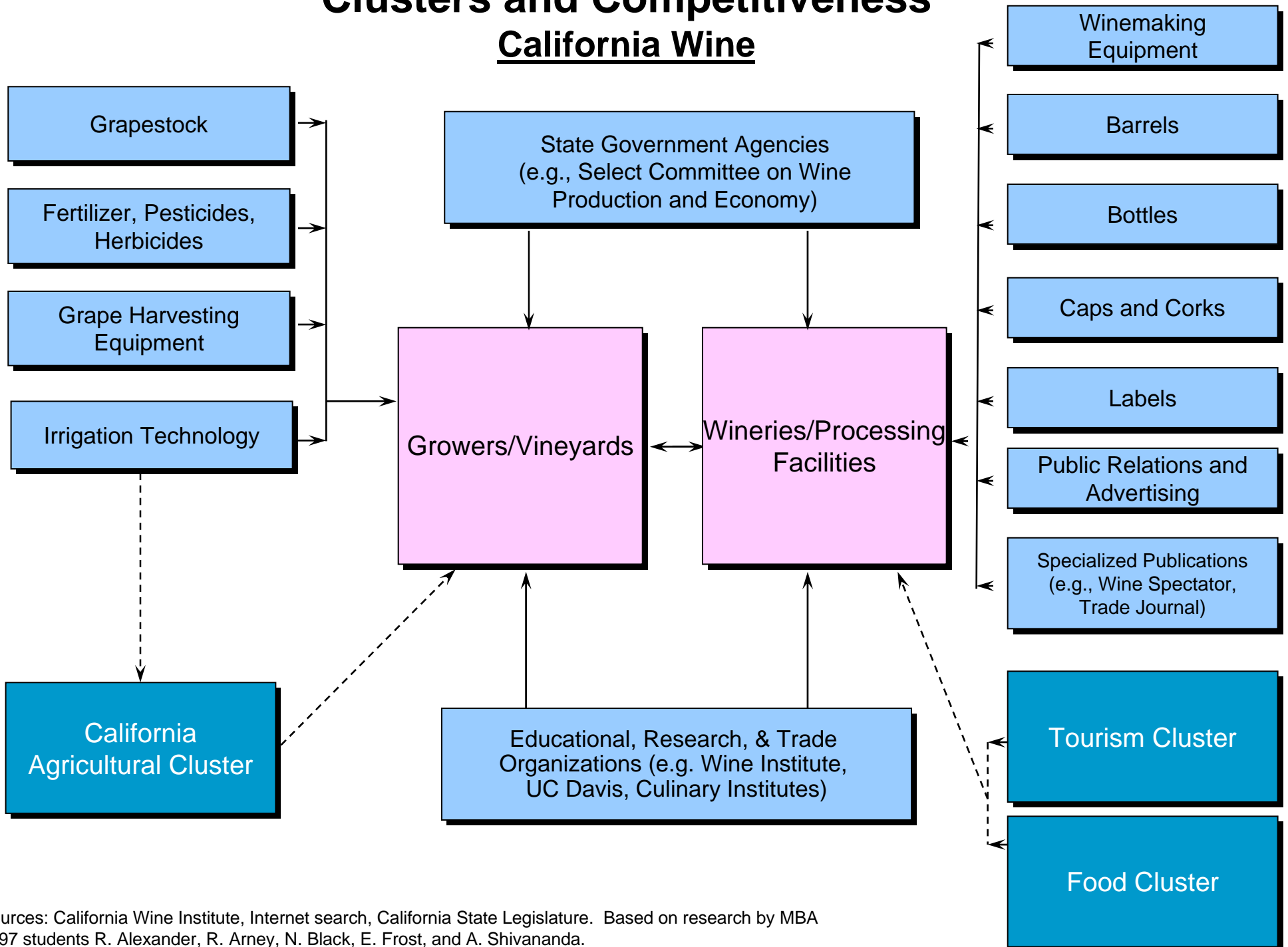
Cairns Tourism



Source: Research by HBS Student Team, 2003

Clusters and Competitiveness

California Wine



Sources: California Wine Institute, Internet search, California State Legislature. Based on research by MBA 1997 students R. Alexander, R. Arney, N. Black, E. Frost, and A. Shivananda.

Leading Footwear Clusters

Portugal

- Production
- Focus on short-production runs in the medium price range

Romania

- Production subsidiaries of Italian companies
- Focus on lower to medium price range

Italy

- Design, marketing, and production of premium shoes
- Export widely to the world market

United States

- Design and marketing
- Focus on specific market segments like sport and recreational shoes and boots
- Manufacturing only in selected lines such as hand-sewn casual shoes and boots

China

- OEM Production
- Focus on low cost segment mainly for the US market

Vietnam/Indonesia

- OEM Production
- Focus on the low cost segment mainly for the European market

Institutions for Collaboration

Selected Massachusetts Organizations, Life Sciences

Life Sciences Industry Associations

- Massachusetts Biotechnology Council
- Massachusetts Medical Device Industry Council
- Massachusetts Hospital Association

General Industry Associations

- Associated Industries of Massachusetts
- Greater Boston Chamber of Commerce
- High Tech Council of Massachusetts

Economic Development Initiatives

- Massachusetts Technology Collaborative
- Mass Biomedical Initiatives
- Mass Development
- Massachusetts Alliance for Economic Development

University Initiatives

- Harvard Biomedical Community
- MIT Enterprise Forum
- Biotech Club at Harvard Medical School
- Technology Transfer offices

Informal networks

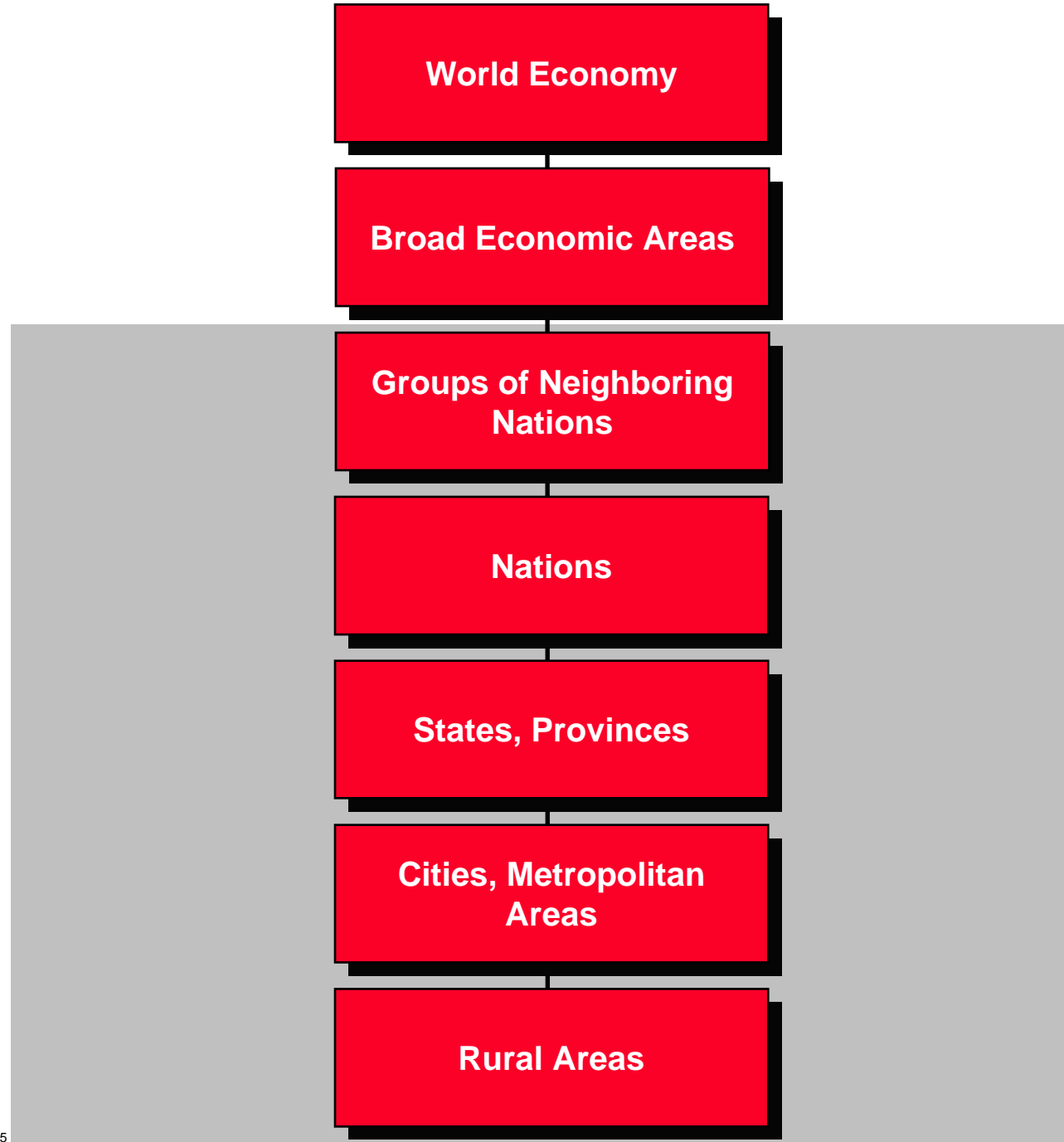
- Company alumni groups
- Venture capital community
- University alumni groups

Joint Research Initiatives

- New England Healthcare Institute
- Whitehead Institute For Biomedical Research
- Center for Integration of Medicine and Innovative Technology (CIMIT)

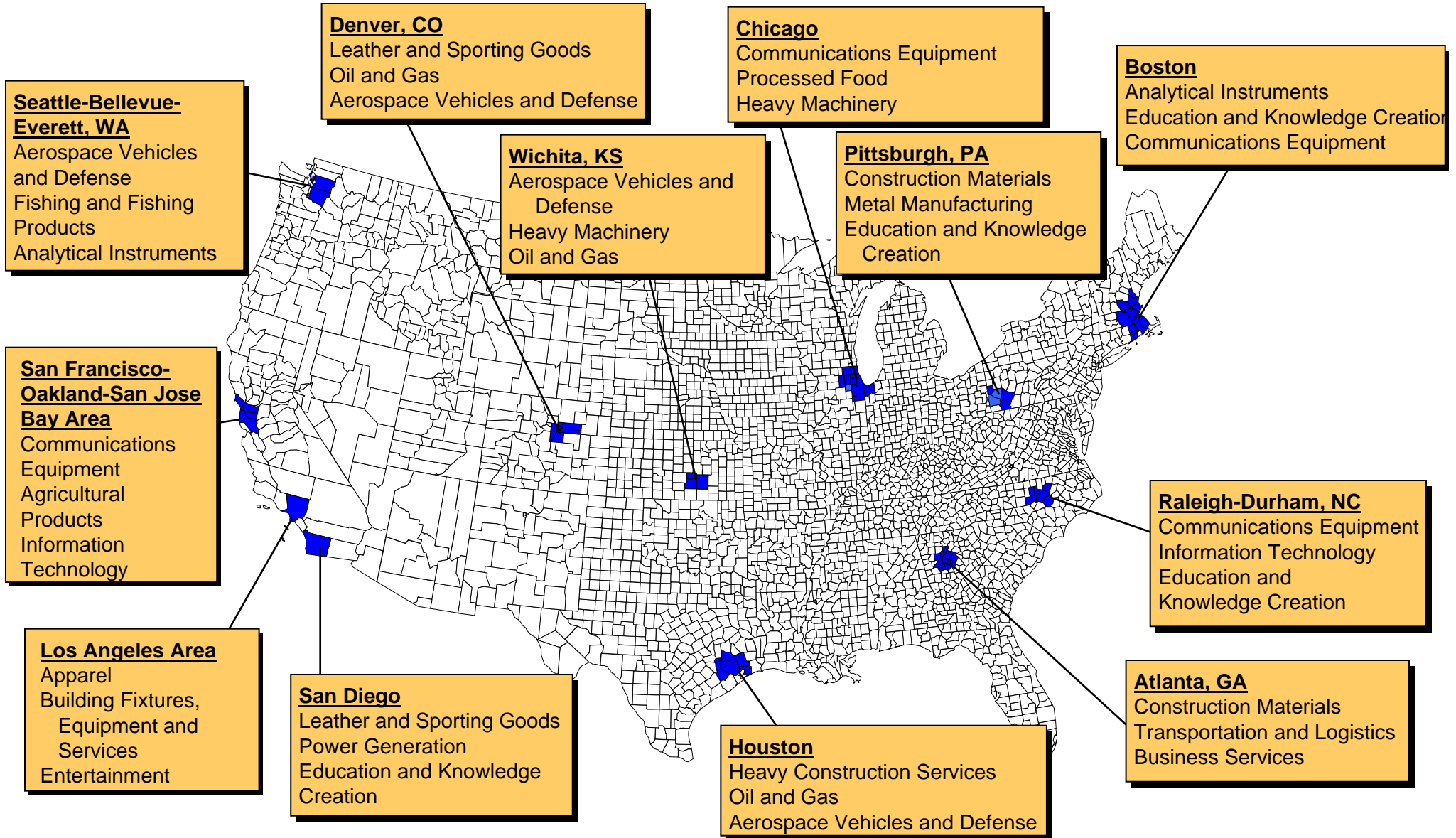
Influences on Competitiveness

Multiple Geographic Levels



Sub-National Regions

Selected U.S. Metropolitan Areas



Note: Clusters listed are the three highest ranking clusters in terms of share of national employment
 Source: Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School

Competitiveness and Cross-National Regions

Traditional Views

- Regions as **free trade zones**; regions as **economic unions** (e.g., United States, European Union)



New View

- Regional economic integration to enhance **competitiveness**
 1. Expand internal trade and investment
and
 2. Enhance the competitive capability of firms
 3. Improve the business environment through cross-country collaboration
 4. Encourage specialization and cluster development
 5. Increase inward foreign investment
 6. Improve the economic policy process
 - Motivate improvements at the national level

Competitiveness and Cross-National Regions

Illustrative Policy Areas

Factor (Input) Conditions

- Improve the regional **transportation infrastructure**
- Create an efficient **energy** network
- Integrate regional **communications**
- Link national **financial markets**
- Upgrade **higher education** through specialization and student exchanges
- Coordinate activities to ensure **personal safety**

Context for Strategy and Rivalry

- Coordinate **macroeconomic** policies
- Eliminate **trade and investment barriers** within the region
- Simplify and harmonize **cross-border** regulations and paperwork
- Guarantee minimum basic **investor protections and dispute resolution mechanisms**
- Agree on foreign **investment promotion guidelines** to limit forms of investment promotion that do not enhance productivity
- Develop a regional **marketing** strategy
- Enhance **internal competition** in the region

Demand Conditions

- Set minimum **safety standards**
- Establish reciprocal **consumer protections**
- Set minimum **environmental standards**

Related and Supporting Industries

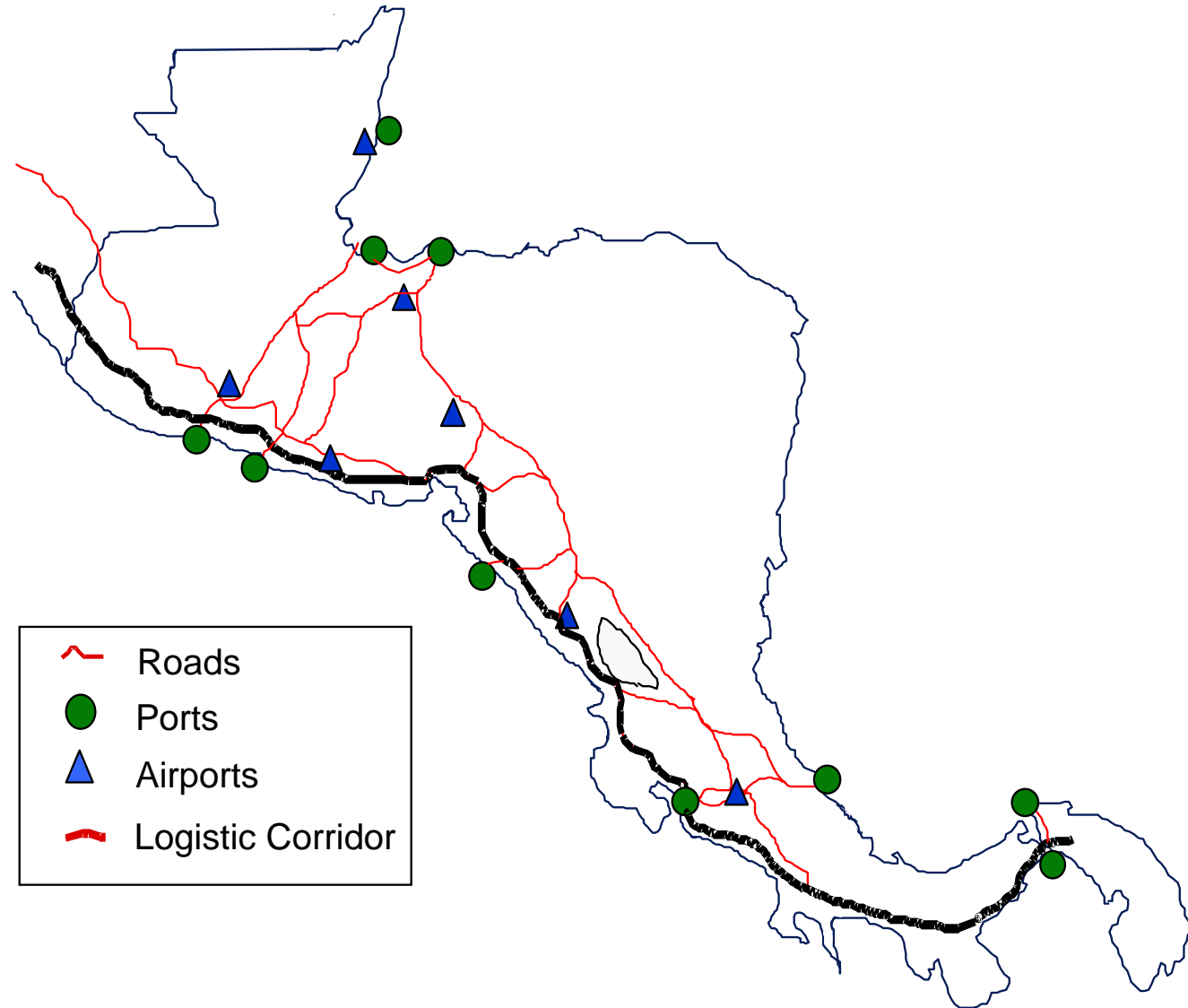
- Establish ongoing upgrading process in **clusters that cross national borders**,
e.g.
 - Tourism
 - Agribusiness
 - Textiles
 - Electronic assembly and software

Regional Governance

- Share **best practices** in government operations
- Improve regional **institutions**
 - regional development bank
 - dispute resolution procedures

Competitiveness in Central America

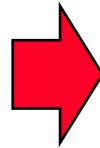
Logistical Corridor



Shifting Responsibilities for Economic Development

Old Model

- **Government** drives economic development through policy decisions and incentives



New Model

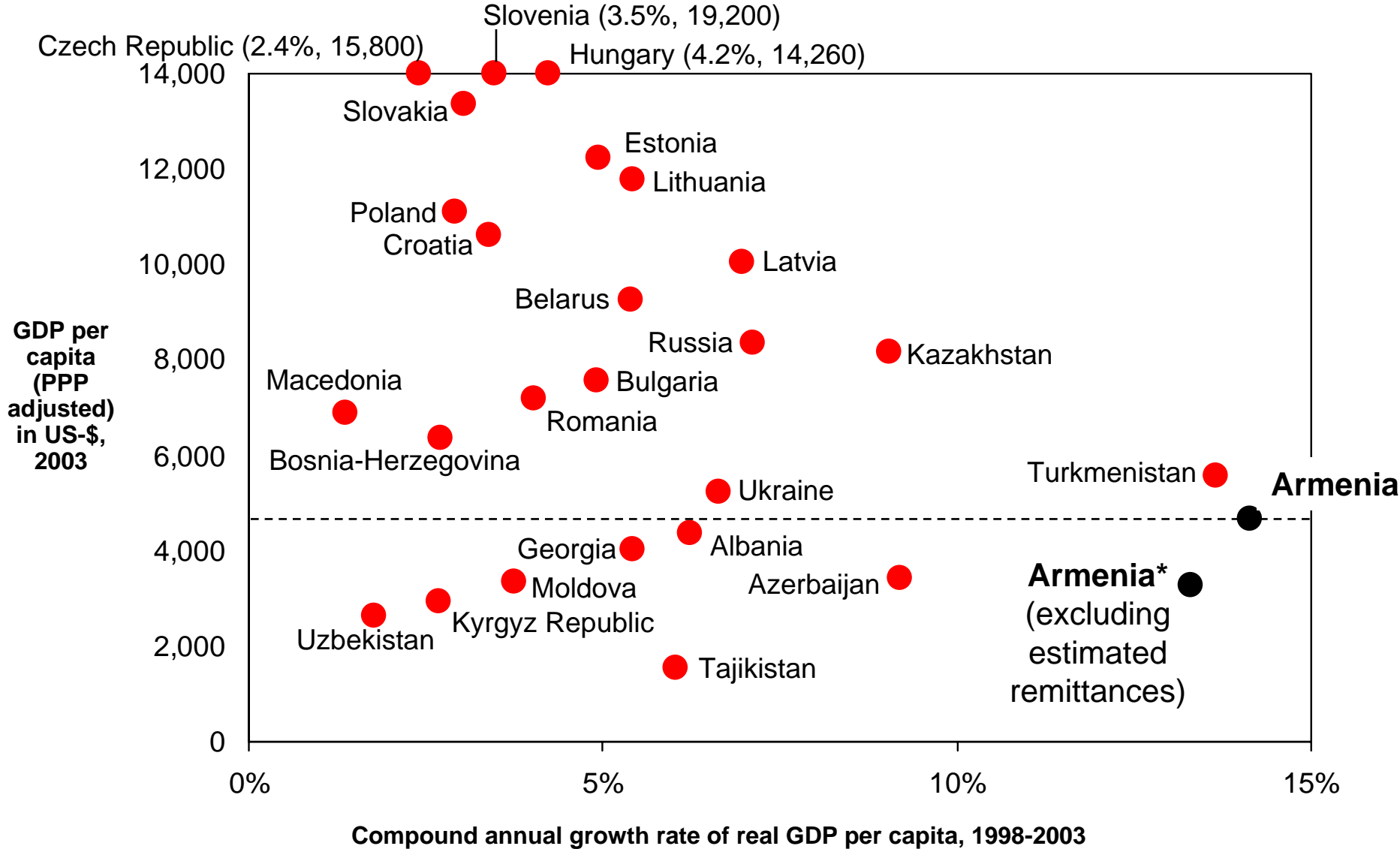
- Economic development is a **collaborative process** involving government at multiple levels, companies, teaching and research institutions, and institutions for collaboration

Armenia's Competitiveness

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- **Assessing Armenia's Current Position**
- Armenia's Competitiveness Agenda

Comparative Economic Performance

Selected Countries

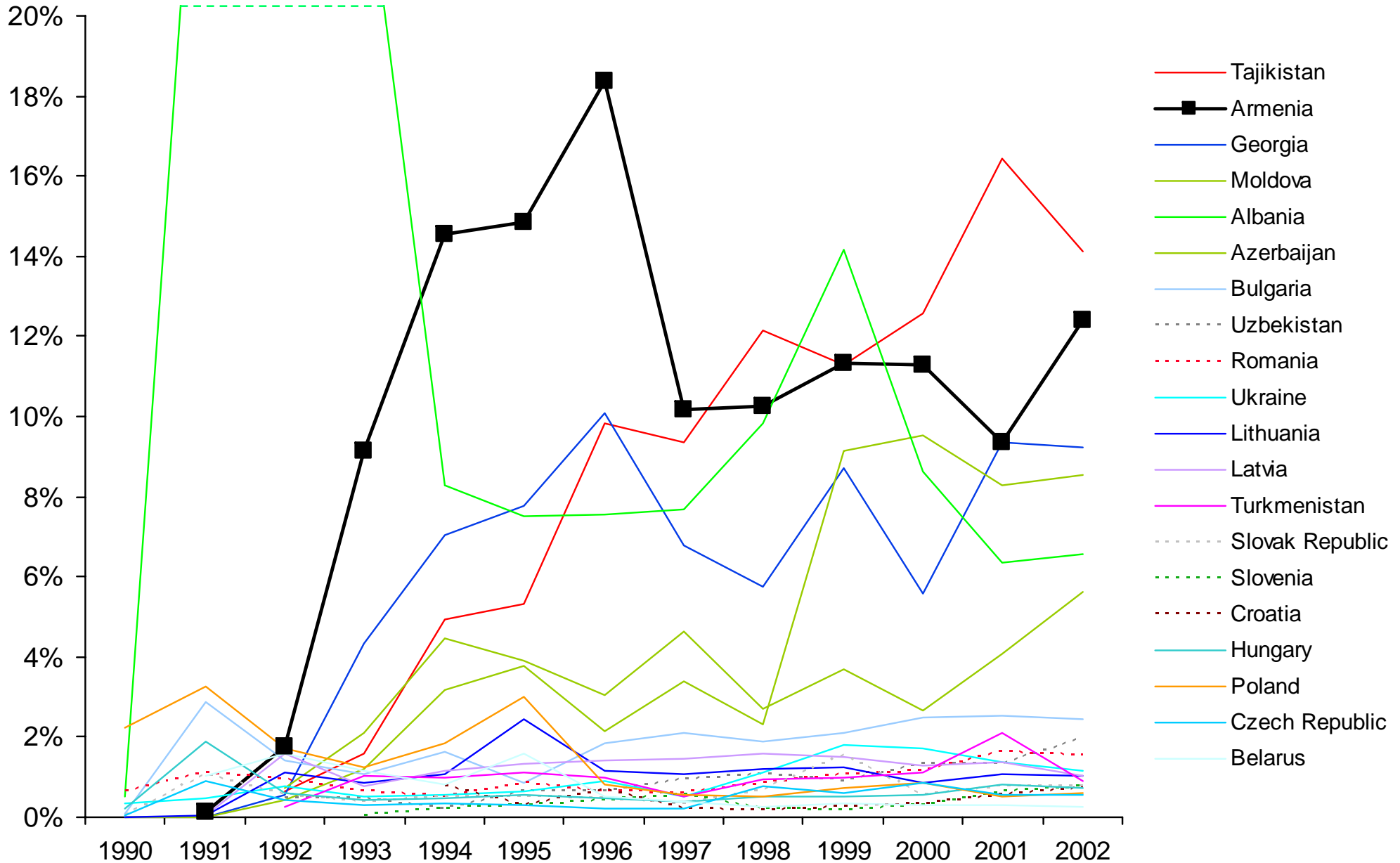


Note: Unofficial remittances are estimated at about 20% of GFP, official remittances at 10% of GDP
 Source: EIU (2004), Roberts/Banaian (2005)

Aid and Economic Growth

Official Development Assistance as a percent of GDP

ODA as %
of GDP

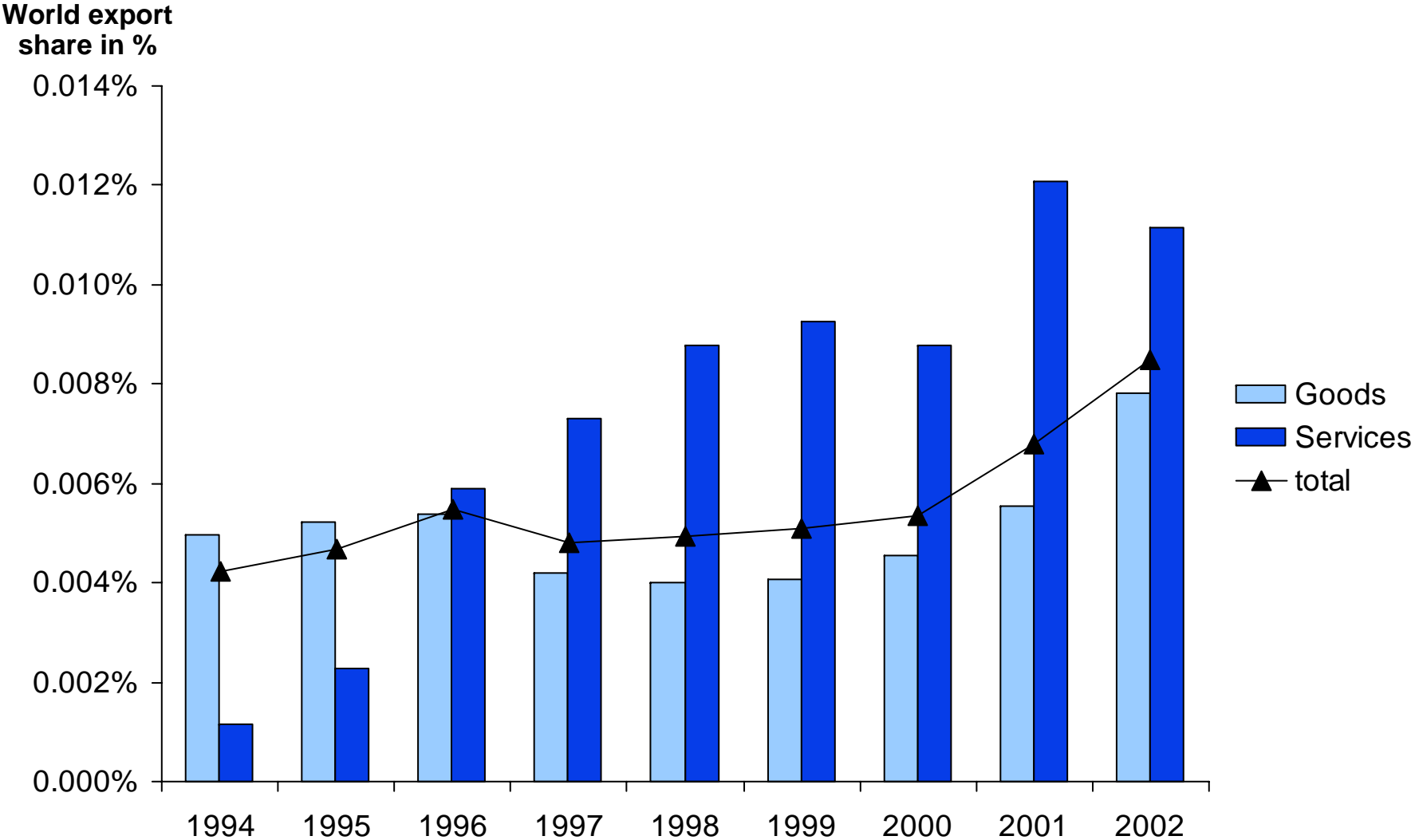


Source: OECD; WDI; author's calculations.

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Armenia's Export Performance

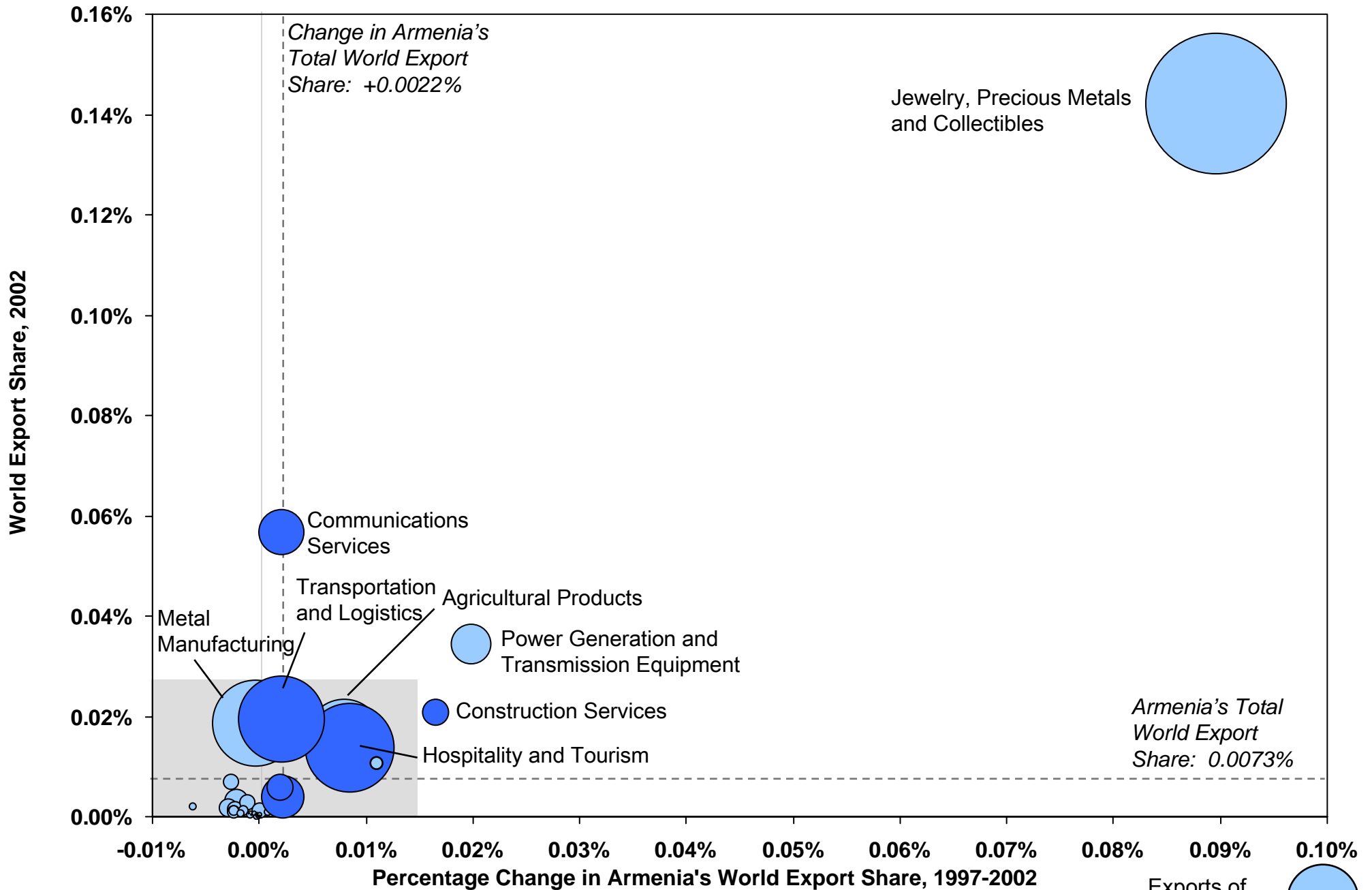
World Export Market Shares



Source: WTO (2004)

Armenia's Export Portfolio

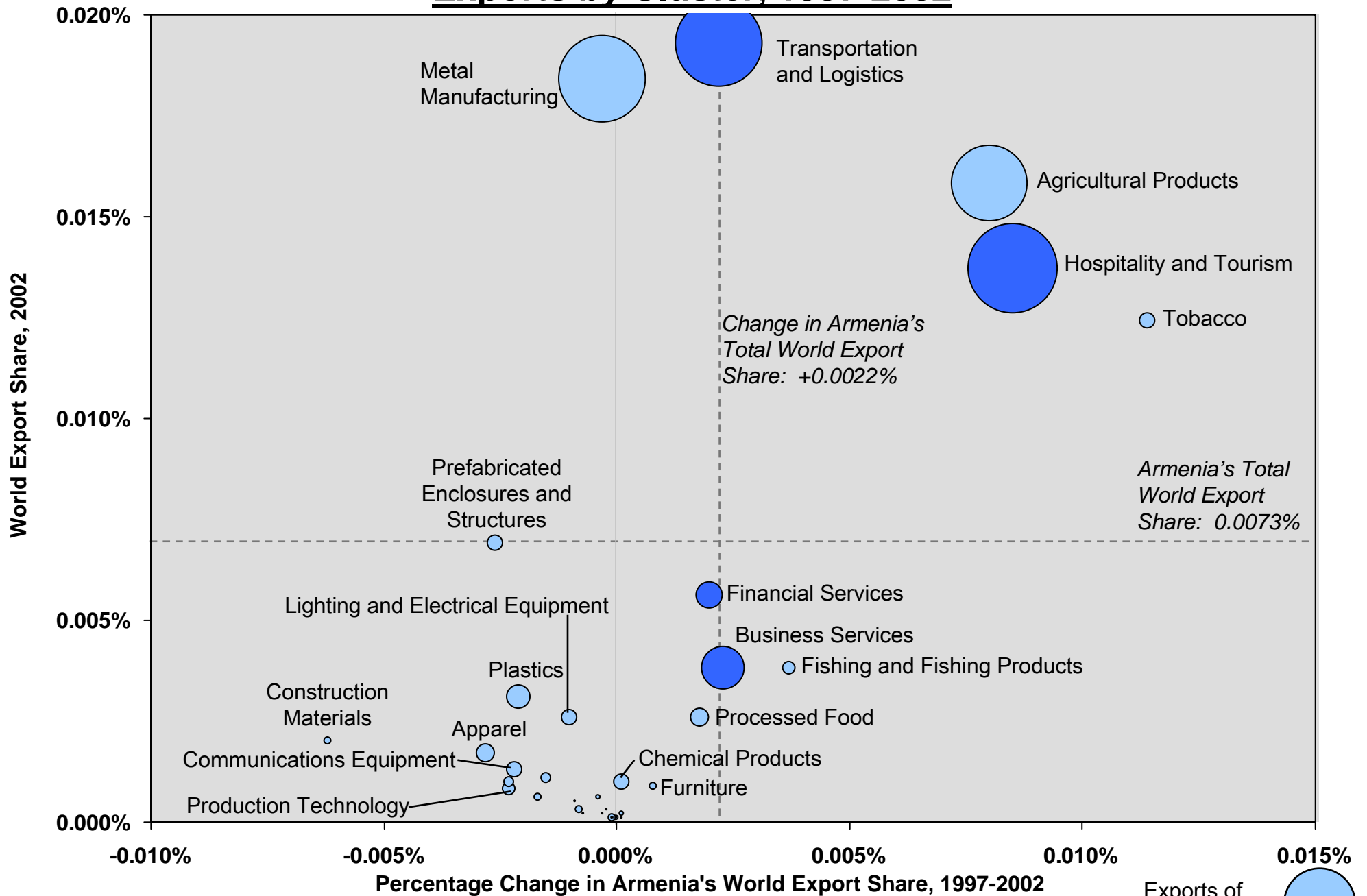
Exports by Cluster, 1997-2002



Source: Prof. Michael E. Porter, International Cluster Competitiveness Project. Underlying data from UN Comtrade and the IMF BOP Statistics.

Armenia's Export Portfolio, continued

Exports by Cluster, 1997-2002



Source: Prof. Michael E. Porter, International Cluster Competitiveness Project. Underlying data from UN Comtrade and the IMF BOP Statistics.

Armenian Goods Exports

Leading Export Industries, 2002

	Industry	Cluster	World Export Share	Change in Share 1997-2002	Export Value in \$thousands
1	Diamonds excluding industrial	Jewelry, Precious Metals and Collectibles	0.313%	0.178%	\$ 136,299
2	Spirits	Agricultural Products	0.375%	0.202%	\$ 42,705
3	Gold, non-monetary, excluding ores	Jewelry, Precious Metals and Collectibles	0.127%	0.119%	\$ 23,796
4	Ores and concentrates of molybdenum, titanium, zirconium	Metal Mining and Manufacturing	0.925%	0.925%	\$ 15,038
5	Electric current	Power Generation and Transmission Equipment	0.134%	0.114%	\$ 13,427
6	Copper ores and concentrates	Metal Mining and Manufacturing	0.211%	0.095%	\$ 12,192
7	Other non-ferrous metal waste	Metal Mining and Manufacturing	0.144%	-0.191%	\$ 9,652
8	Copper, copper anodes and alloys	Metal Mining and Manufacturing	0.078%	0.071%	\$ 9,648
9	Pig iron, spiegeleisen, sponge iron or steel granules	Metal Mining and Manufacturing	0.112%	0.083%	\$ 8,917
10	Synthetic rubber	Plastics	0.091%	-0.062%	\$ 5,144
11	Miscellaneous prepared or preserved vegetables	Agricultural Products	0.037%	0.030%	\$ 4,046
12	Parts for telecommunication equipment	Communications Equipment	0.004%	0.004%	\$ 2,730
13	Miscellaneous non-ferrous base metals	Metal Mining and Manufacturing	0.090%	0.085%	\$ 2,649
14	Aluminum foil < .2mm thickness	Prefabricated Enclosures and Structures	0.049%	0.034%	\$ 2,479
15	Cigarettes containing tobacco	Tobacco	0.018%	0.018%	\$ 2,081
16	Mill, grindstones, grinding wheels and the like	Chemical Products	0.106%	0.105%	\$ 1,712
17	Crustaceans, mollusks, and aquatic invertebrates	Fishing and Fishing Products	0.012%	0.012%	\$ 1,665
18	Other ferrous waste and scrap	Metal Mining and Manufacturing	0.029%	-0.253%	\$ 1,660
19	Watches, precious metal cases	Jewelry, Precious Metals and Collectibles	0.048%	0.025%	\$ 1,434
20	Electric motors, generators, AC	Motor Driven Products	0.015%	-0.019%	\$ 1,331
21	Other garments, not knitted	Apparel	0.026%	0.024%	\$ 1,273
22	Precious metal waste and scrap	Jewelry, Precious Metals and Collectibles	0.070%	0.036%	\$ 1,241
23	Miscellaneous non-alcohol beverages	Processed Food	0.017%	0.012%	\$ 1,070
24	Fruit, preserved or prepared	Agricultural Products	0.018%	0.011%	\$ 1,069
25	Electric control panels, boards, cabinets and other bases	Lighting and Electrical Equipment	0.009%	0.000%	\$ 1,032

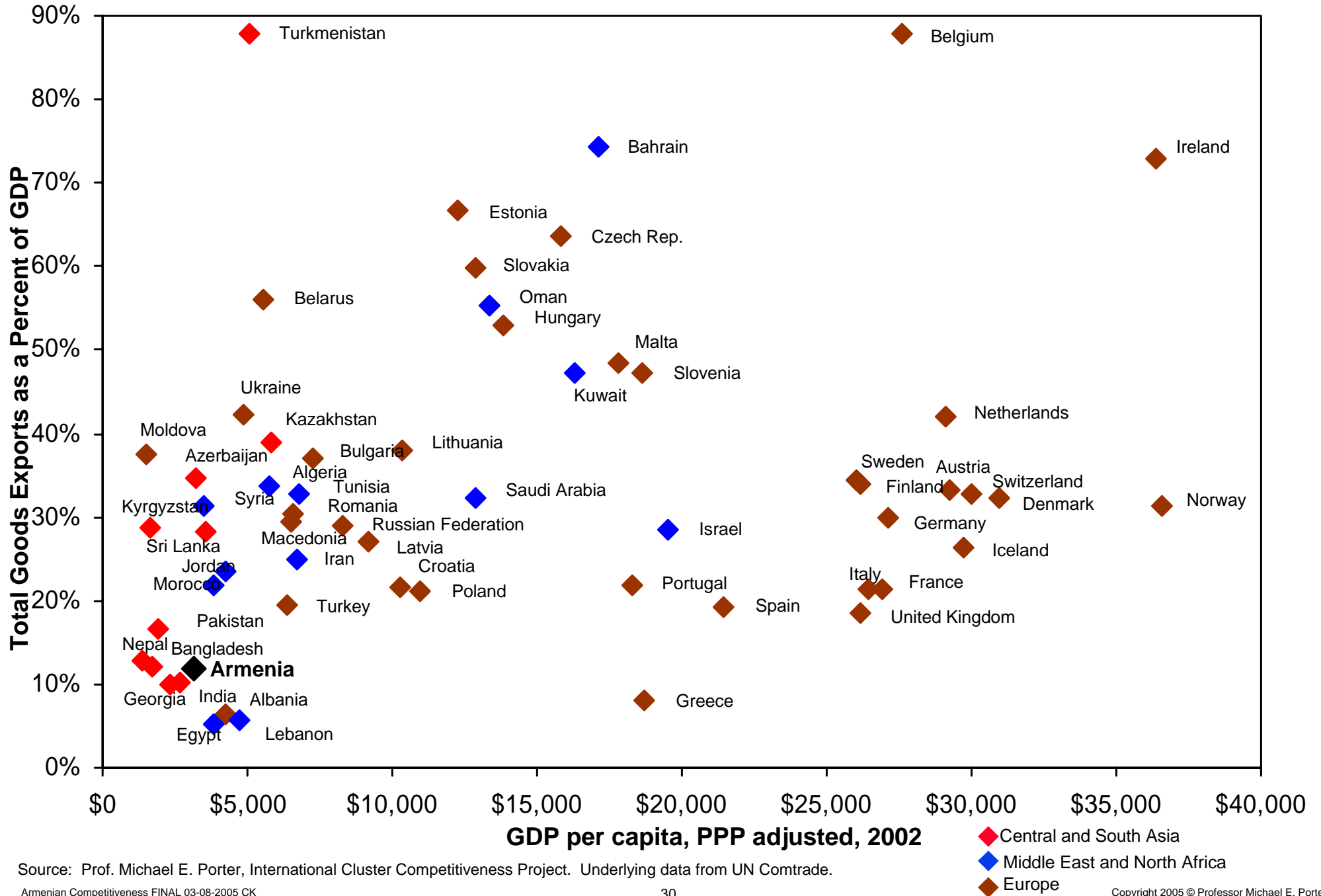
Top 25 Industries as percentage of Armenia's total goods exports: 93.1%

Armenian Services Exports by Cluster, 2002

Cluster	World Export Share	Change in Share, 1997-2002	Export Value in \$thousands	Change in Value, 1997-2002
Hospitality and Tourism	0.014%	0.009%	\$ 65,312	\$ 43,092
Transportation and Logistics	0.019%	0.002%	\$ 64,289	\$ 13,659
Communications Services	0.057%	0.002%	\$ 17,709	\$ 3,379
Business Services	0.004%	0.002%	\$ 15,864	\$ 11,034
Financial Services	0.006%	0.002%	\$ 6,712	\$ 3,752
Construction Services	0.021%	0.017%	\$ 6,216	\$ 4,586

Export Intensity

Total Goods Exports as a Share of GDP vs. GDP per capita, 2002

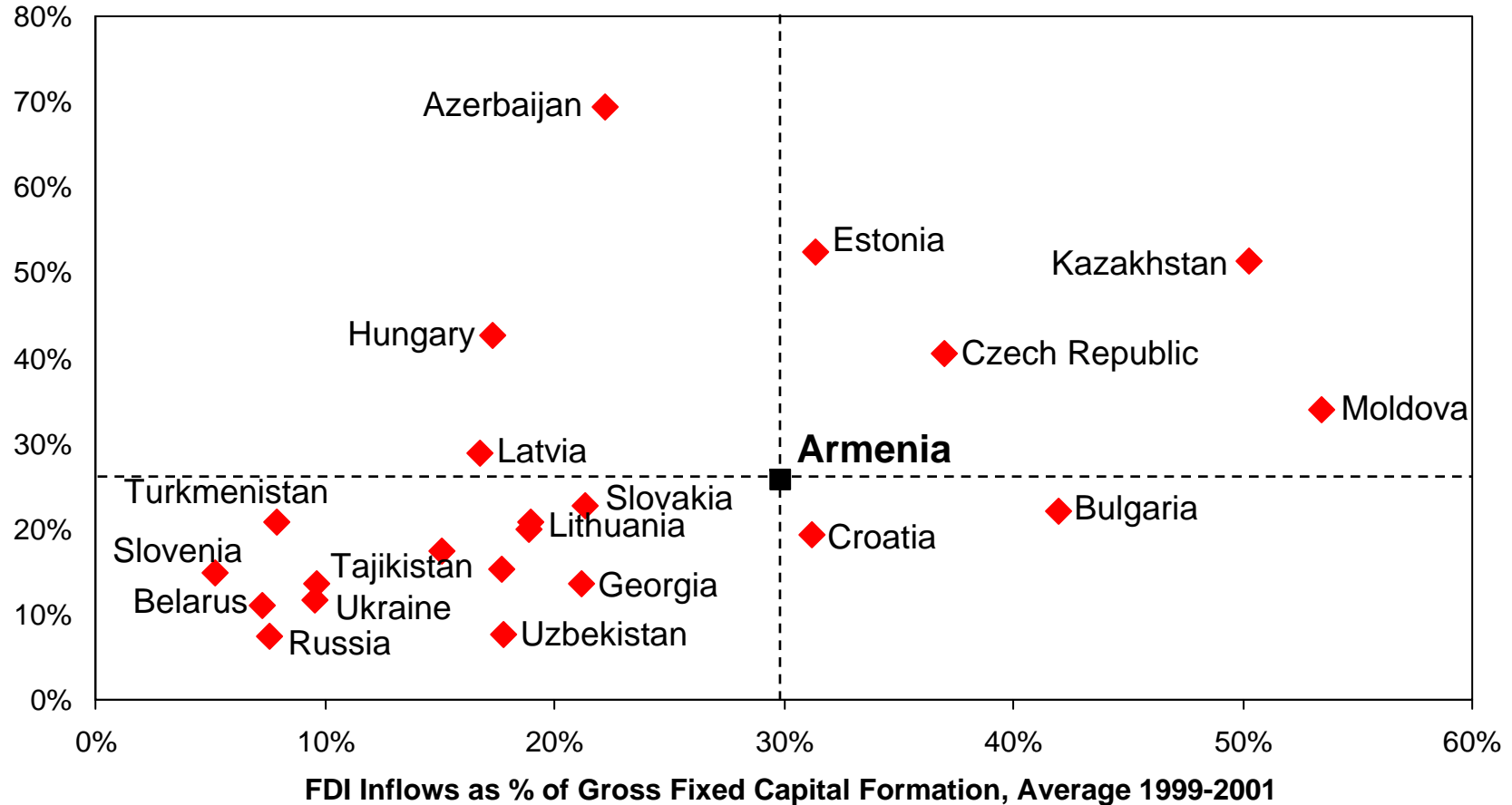


Source: Prof. Michael E. Porter, International Cluster Competitiveness Project. Underlying data from UN Comtrade.

Comparative Inward Foreign Investment

Selected Transition Countries

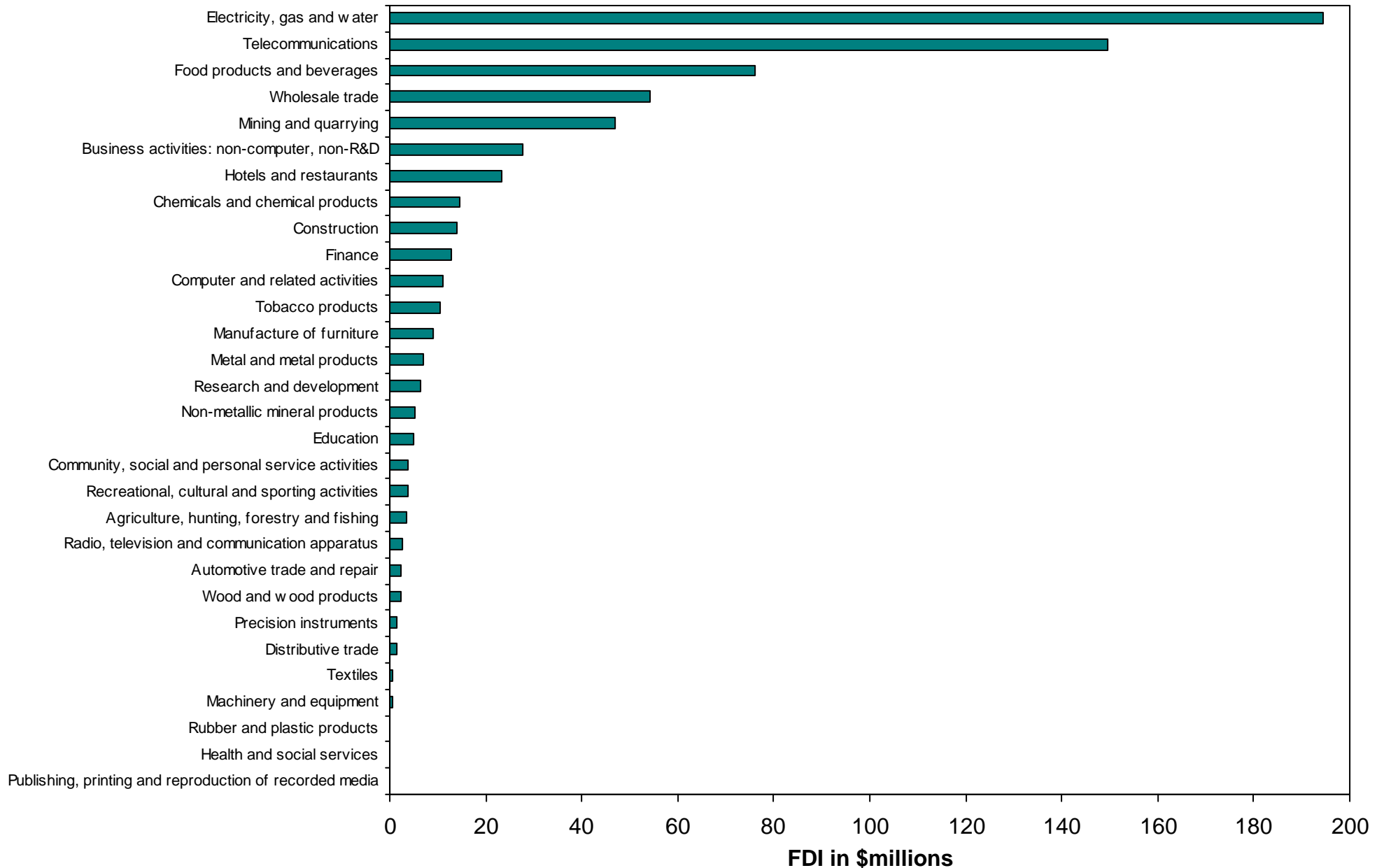
FDI Stocks as % of GDP,
Average 1999-2001



Source: UNCTAD (2004)

Foreign Direct Investment in Armenia

Composition of FDI by Industry, 1998-2002



Note: Total FDI 1998-2002 = \$735 million. \$45 million of FDI in unspecified categories is not included above.

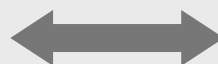
Source: UNCTAD

Competitive Assessment of Armenia

Macroeconomic, Political, Legal, and Social Context

Microeconomic Foundations

**The Sophistication
of Company
Operations and
Strategy**



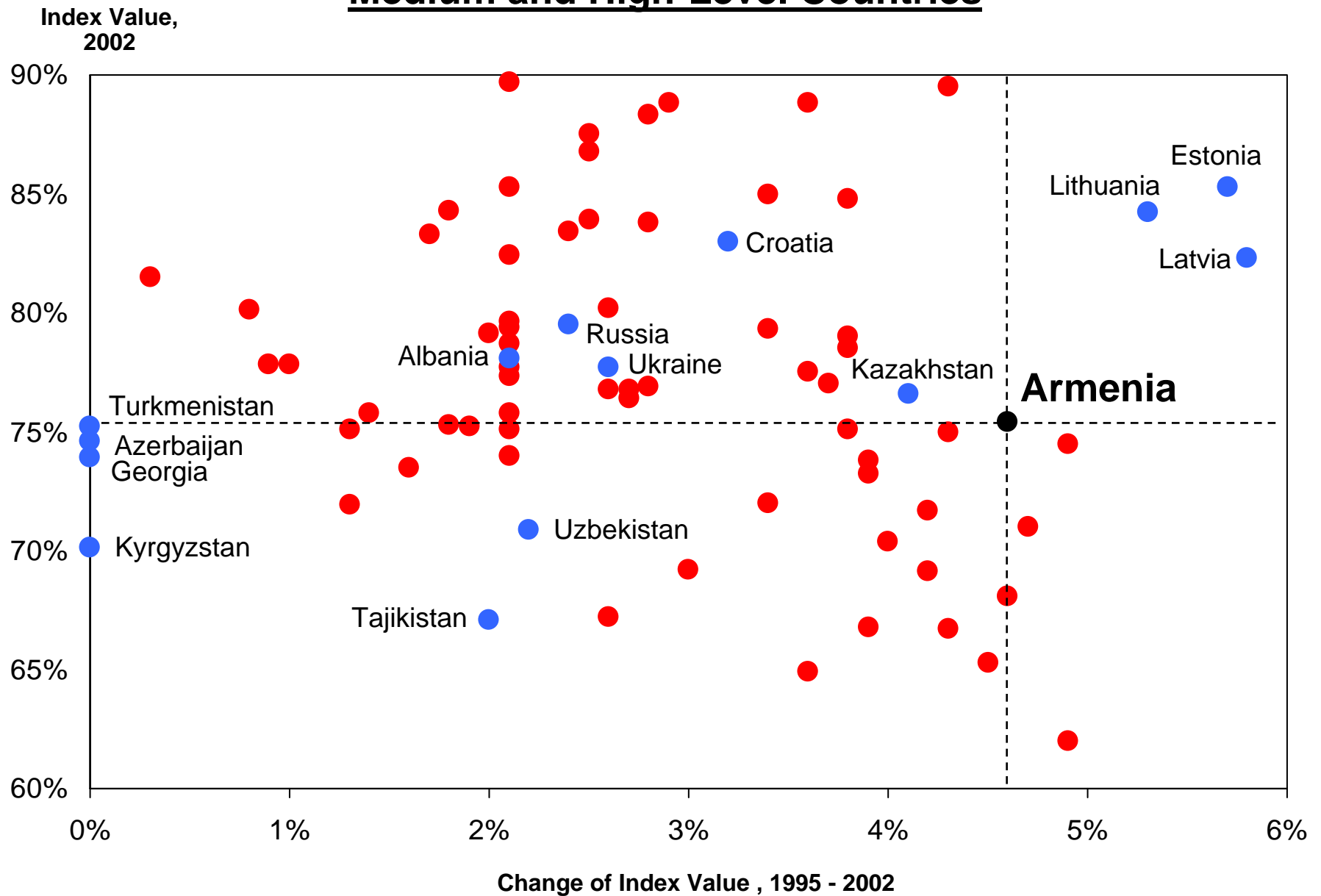
**The Quality of the
Microeconomic
Business
Environment**

Macroeconomic Context

Armenia

- Strong **GDP growth** in the post-1998 period; driven by net exports since 2001
- **Low inflation** reflecting steady improvements in Central Bank policies
- Dramatic **reduction of the fiscal deficit**, mainly through reductions in expenditures. The tax system remains weak
- A **negative current account** but this has been financed through remittances and foreign aid; the ratio external debt service to export revenues has improved due to **export growth** and the **renegotiation of debt terms** in 2003
- The real exchange rate has **fallen** between 2000 and 2005

Human Development Index Medium and High-Level Countries



Source: Human Development Report (2004)

Political, Social, and Legal Conditions in Armenia

Political	Social	Legal
<ul style="list-style-type: none">• Armenia has suffered from significant political instability• Problematic relationships with neighbors increase the level of political and economic uncertainty	<ul style="list-style-type: none">• Poverty rates are still high (close to 40% in 2002), despite some recent improvements• Inequality remains significant after a sharp increase in the 1990s• Public spending on education and health has not reached the lower income levels	<ul style="list-style-type: none">• Armenia ranks higher on most governance indicators than many of its regional peers, including Russia,• However, Armenia still performs worse than Eastern European countries like Romania that aim for the EU• The large grey economy signals significant governance and regulatory problems

Economic Freedom

Armenia, 2005

Most Free (1)



Least Free (5)

Banking and Finance	1.0
Foreign Investment	2.0
Trade Policy	2.0
Monetary Policy	2.0
Fiscal Burden	2.3
Government Intervention	2.5
Wages and Prices	3.0
Property Rights	3.0
Regulation	4.0
Informal Market	4.0

Competitive Assessment of Armenia

Macroeconomic, Political, Legal, and Social Context

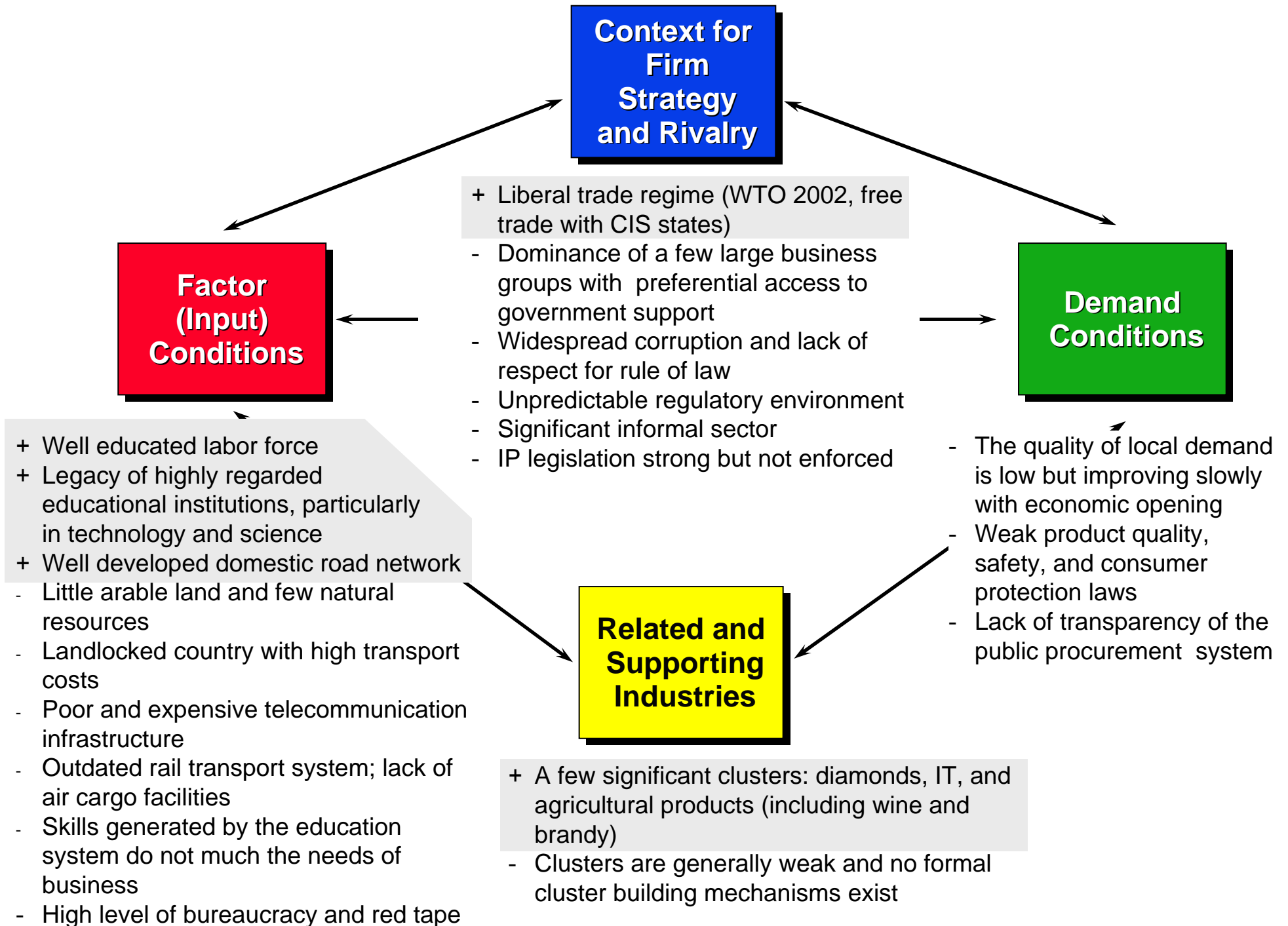
Microeconomic Foundations

The Sophistication
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The Quality of the
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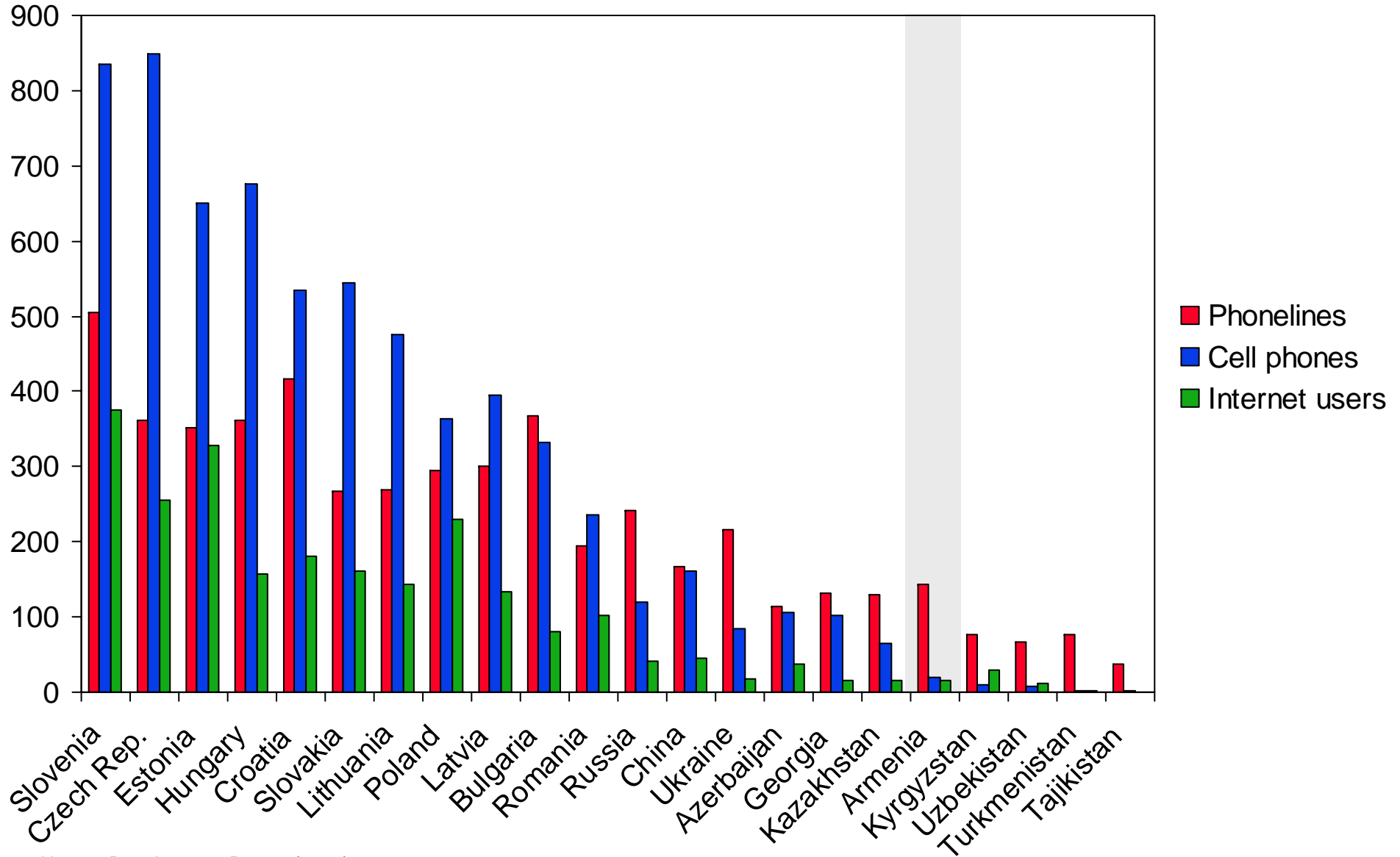
Armenia's Microeconomic Business Environment



**Factor
(Input)
Conditions**

Communication Infrastructure Armenia's Relative Position

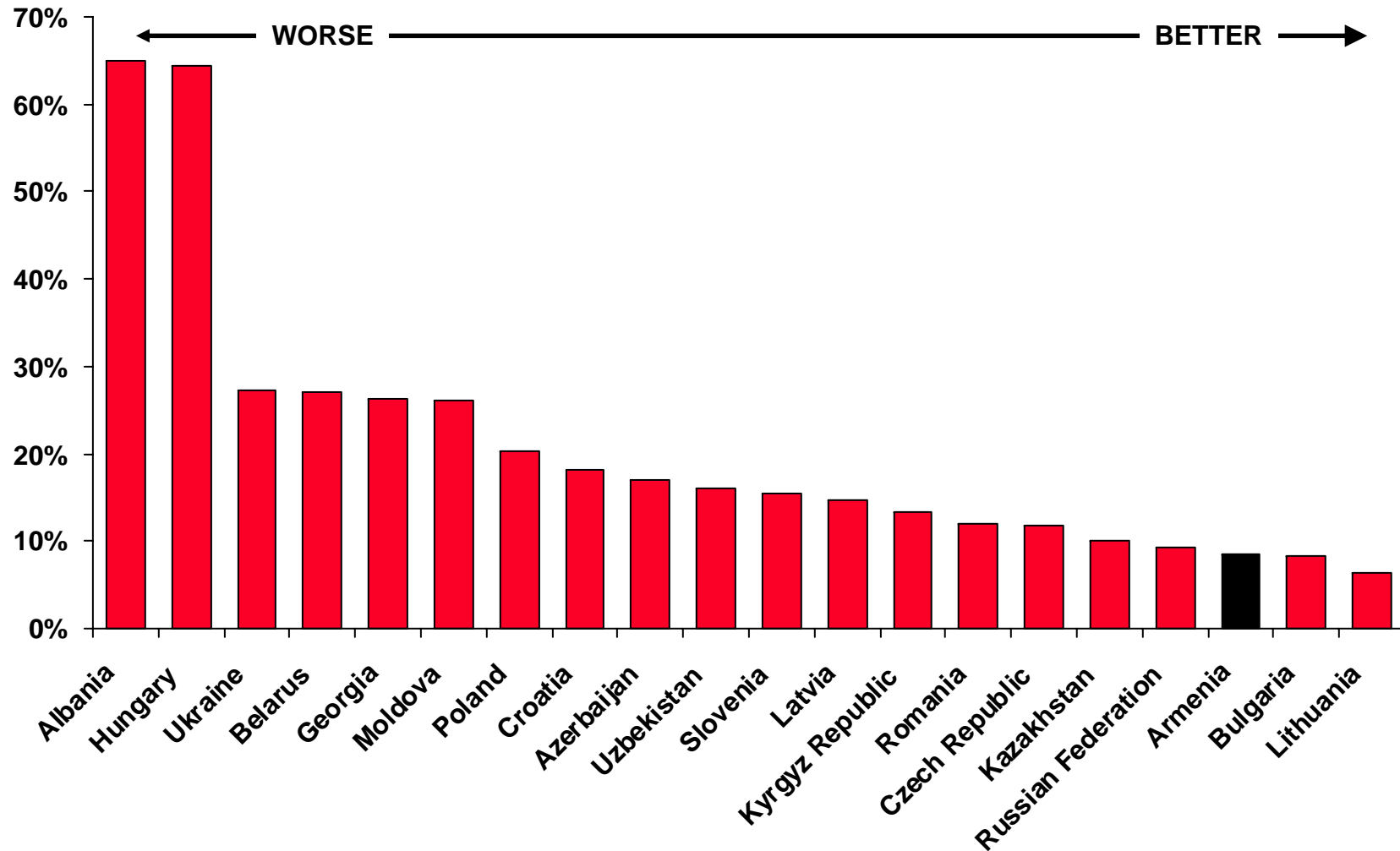
Per 1,000 inhabitants,
2002



Source: Human Development Report (2004)

Ease of Business Formation Selected Transition Countries

Cost of Business Formation
relative to GDP per capita



Source: World Bank (2003)

Armenia's Competitiveness

- Foundations of Competitiveness
- Assessing Armenia's Current Position
- **Armenia's Competitiveness Agenda**

Upgrading Armenian Competitiveness

Towards a Strategic Plan

- **Secure existing Armenian strengths**
 - Strengthen educational institutions
 - Continue the mobilization of the Armenian Diaspora
- **Strengthen the foundations of competitiveness**
 - Address critical weaknesses in the business environment
 - Launch an aggressive cluster development agenda
 - Create a focused strategy to attract foreign direct investment
- **Overcome the challenges of Armenia's location**
 - Build an efficient domestic economy, not just the traded sector
 - Upgrade telecommunications and air transport
 - Build capabilities in clusters with less dependence on the physical transport of goods
 - Create a long-term plan for cross-border economic cooperation in the region
- **Redefine the roles of government and the private sector**
 - Strengthen the effectiveness of government
 - Enhance public-private collaboration
- **Articulate and build consensus around a long-term vision and strategy for Armenia based on the principles of competitiveness**
 - What role in the world economy and region will Armenia play?

Secure Existing Armenian Strengths

Skills

- The strong skill base of Armenia requires **continued investments** if it is to be sustainable



- Educational institutions
 - Investments to reverse erosion of buildings, educational capacity, etc.
 - Improve the regulatory environment to strengthen the focus on performance and tie teaching to the needs of the business community
 - Strengthen linkages between educational institutions and business
 - Improve computer and internet access in all schools, particularly in the outlying provinces
- Demand for skills
 - Create incentives for companies to invest in skill upgrading
- Stem the brain drain
 - Will only occur based on improving economic opportunities within Armenia

Strengthen the Foundations of Competitiveness

Address Weaknesses in the Business Environment

- Legal and regulatory environment
 - Mount a broad-based effort to address corruption
 - Address the root causes of the grey economy
- Competition policy
 - Reduce political influence on competition
 - Create and implement a strong competition policy that limits anticompetitive practices, cartels, and monopolies
- Infrastructure
 - Upgrade physical infrastructure through regulatory reform and mobilization of private investment capital
- Financial markets
 - Improve the transparency and reliability of ownership rights; this is critical to improve their possible use as collateral
 - Laws on corporate governance are good, following the IFC project 1999-2001, but they need to be implemented more aggressively

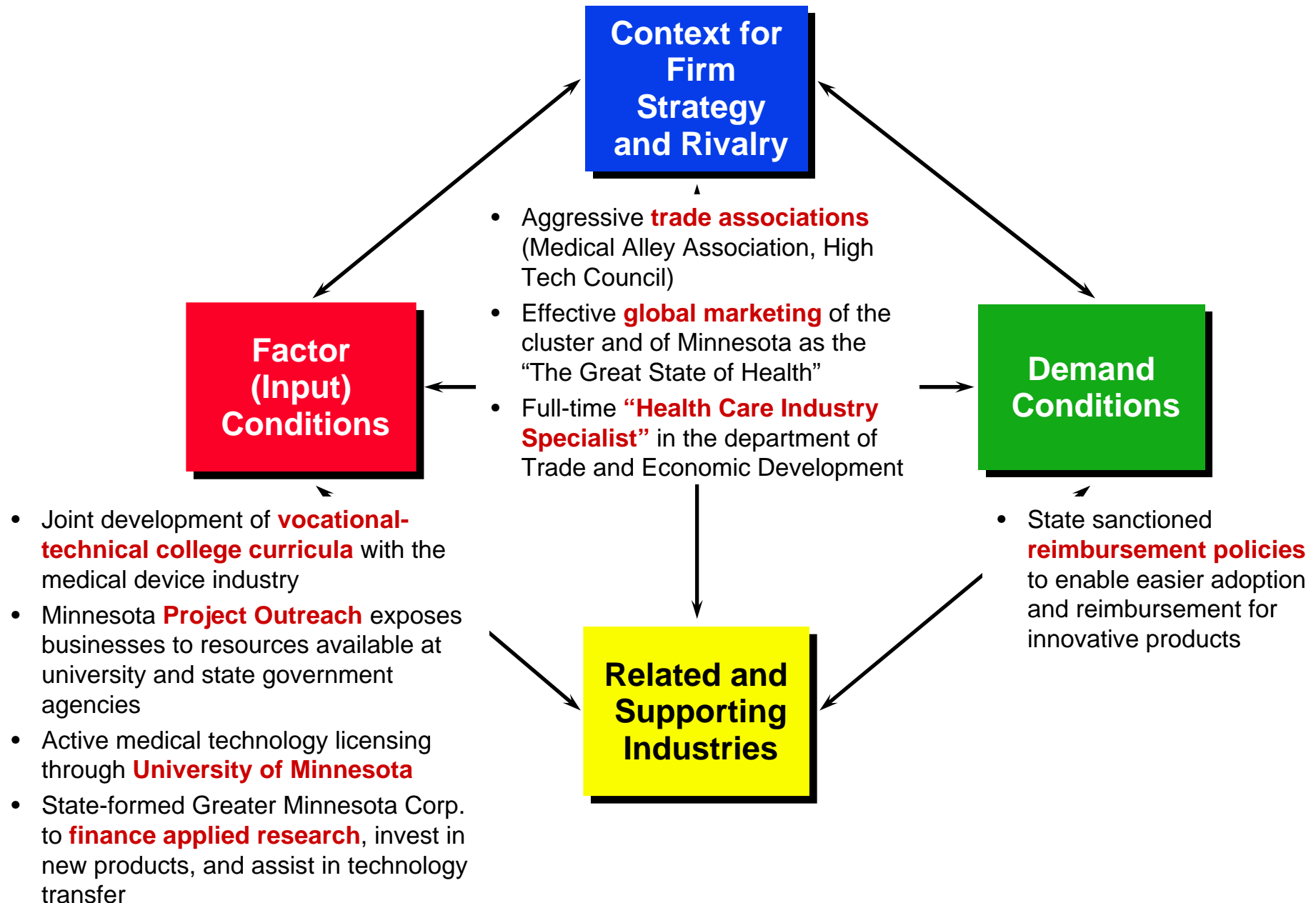
Strengthen the Foundations of Competitiveness

Cluster Development

- Clusters are **critical engines** of productivity growth and economic development
 - Clusters enable companies to improve performance and seize **market opportunities** otherwise unavailable to them
 - Clusters are especially important for fostering **new business formation**
 - Clusters are a forum to **identify important challenges** in the business environment
 - Clusters provide an opportunity for government, companies, and other institutions to **work constructively together** in economic development
 - Clusters are the best way to focus **export promotion, attracting FDI**, and developing **industrial parks**
- 
- Cluster development should be a **central element** of any competitiveness plan

Public / Private Cooperation in Cluster Upgrading

Minnesota's Medical Device Cluster



Armenian Clusters

- Diamonds and Jewelry
- Spirits and Brandy
- Hospitality and Tourism
- Agricultural Products
- Metal Mining and Manufacturing

Emerging/Potential

- IT Services
- Outsourced Services

Strengthen the Foundations of Competitiveness

Attracting Foreign Direct Investment

- Foreign multinational companies bring **significant benefits** to the economies in which they locate, especially in developing countries
 - Local employment and investment
 - Inflow of foreign human capital and skills
 - Training of citizens
 - Competition and exposure to world-class business practices
 - Access to world-class products and services and to global supply and distribution networks
- Armenia has already attracted some investment but needs to **tightly link** its investment attraction and cluster development efforts
 - Investors are easier to attract to clusters
 - Clusters multiply the benefits of foreign investments for the local economy
- Current approaches to business attraction need to be **significantly improved**

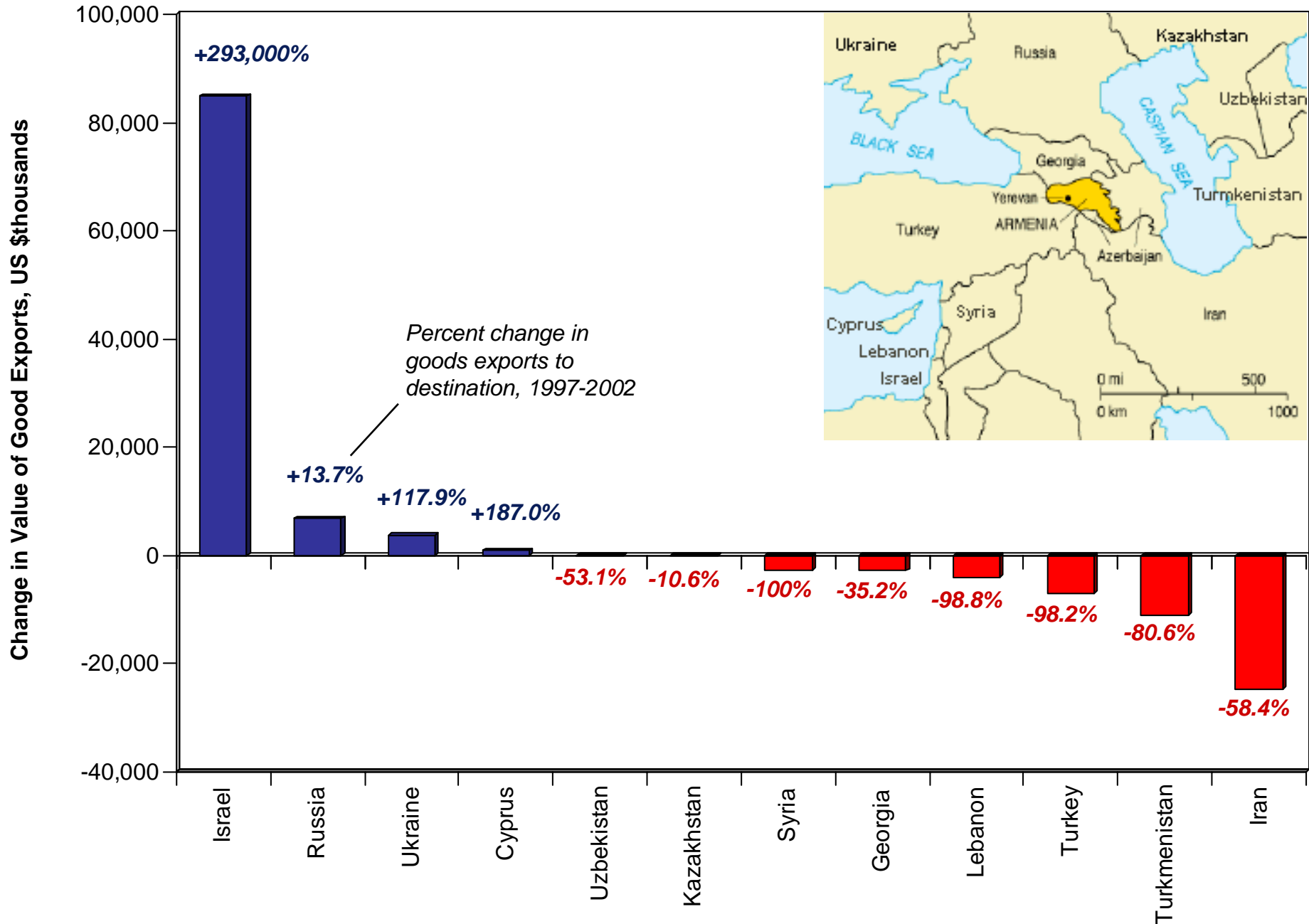
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Trade within the Region

Armenia's Goods Exports to Nearby Nations, Change 1997-2002



Source: Prof. Michael E. Porter, International Cluster Competitiveness Project. Underlying data from UN Comtrade.

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Overcome the Challenge of Location Steps Towards Regional Economic Integration

- Redouble efforts to ease the economic blockades
 - Trade agreements and harmonization of customs procedures with neighbors
- Pursue infrastructure collaboration as a means to begin practical integration efforts in the region
 - Joint planning on road and railroad infrastructure
- Opportunities for win-win cooperation in tourism



- International institutions are increasingly **open** to fund cross-national projects and strongly support their benefits in terms of political stability

Upgrading Armenian Competitiveness

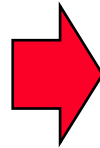
Towards a Strategic Plan

- **Secure existing Armenian strengths**
 - Strengthen educational institutions
 - Continue the mobilization of the Armenian Diaspora
- **Upgrade the foundations of competitiveness**
 - Address critical weaknesses in the business environment
 - Launch an aggressive cluster development agenda
 - Create a focused strategy to attract foreign direct investment
- **Overcome the challenges of Armenia's location**
 - Build an efficient domestic economy, not just the traded sector
 - Upgrade telecommunications and air transport
 - Build capabilities in clusters with less dependence on the physical transport of goods
 - Create a long-term plan for cross-border economic cooperation in the region
- **Redefine the roles of government and the private sector**
 - Strengthen the effectiveness of government
 - Enhance public-private collaboration
- **Articulate and build consensus around a long-term vision and strategy for Armenia based on the principles of competitiveness**
 - What role in the world economy and region will Armenia play?

Shifting Responsibilities for Economic Development

Old Model

- **Government** drives economic development through policy decisions and incentives



New Model

- Economic development is a **collaborative process** involving government at multiple levels, companies, teaching and research institutions, and institutions for collaboration

What Could Armenia Become?

Analogies

- Ireland
 - Strategy build on attracting foreign investment
 - Advantages: proximity to EU, English speaking, well educated, moderate cost labor
 - Significant Diaspora
- Singapore
 - Highly advantageous geographic location
 - Strong government leadership
 - Business hub of its region
- Israel
 - Isolated from its neighbors
 - Highly educated population, strengths in science and technology
 - Sizable, wealthy, involved Diaspora

Where Is Armenia Unique?

- Education and skills
 - Legacy of training in physics, math and other sciences
 - Musical talent--piano in even the poorest households
 - World chess champions
 - Known as resilient, rugged, individualistic people
- Diaspora
 - Sizable, wealthy, successful, caring Diaspora
- Culture and history
 - First Christian nation (recently celebrated 1700th anniversary)
 - Biblical sites



This presentation will be available at the website of the Institute for Strategy and Competitiveness. Please see the tab for “recent presentations.”

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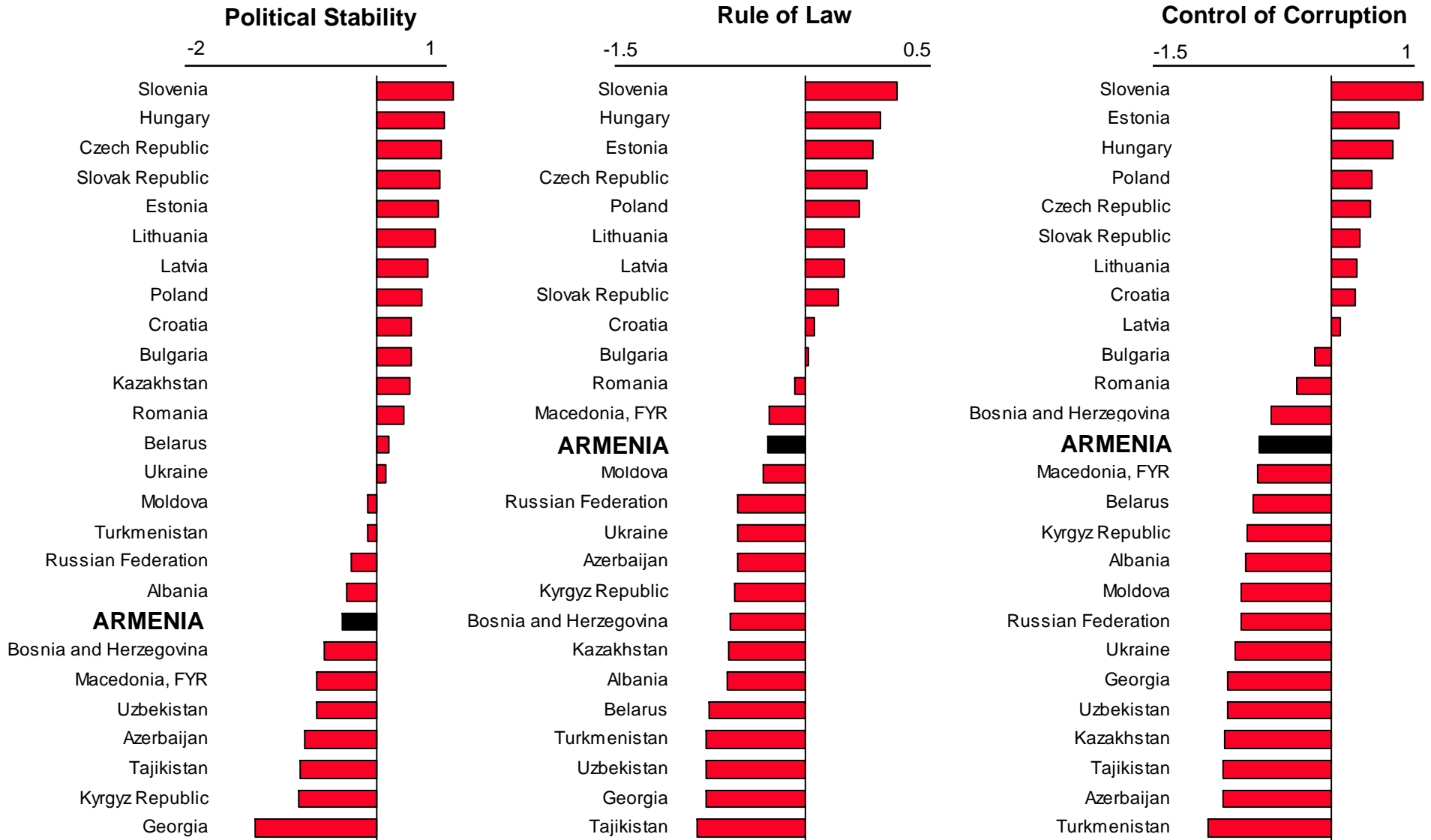
Appendix

Levels of Clusters

- There is often an **array of clusters** in a given field in different locations, each with different levels of specialization and sophistication
- Global **innovation centers**, such as Silicon Valley in semiconductors, are few in number. If there are multiple innovation centers, they normally **specialize** in different market segments
- Other clusters focus on **manufacturing**, outsourced **service functions**, or play the role of **regional** assembly or service centers
- Firms based in the most advanced clusters often **seed or enhance clusters** in other locations in order to reduce the risk of a single site, access lower cost inputs, or better serve particular regional markets
- The challenge for an economy is to move from **isolated firms** to an array of **clusters**, and then to **upgrade the breadth and sophistication** of clusters to more advanced activities

Governance Indices

Selected Transition Countries

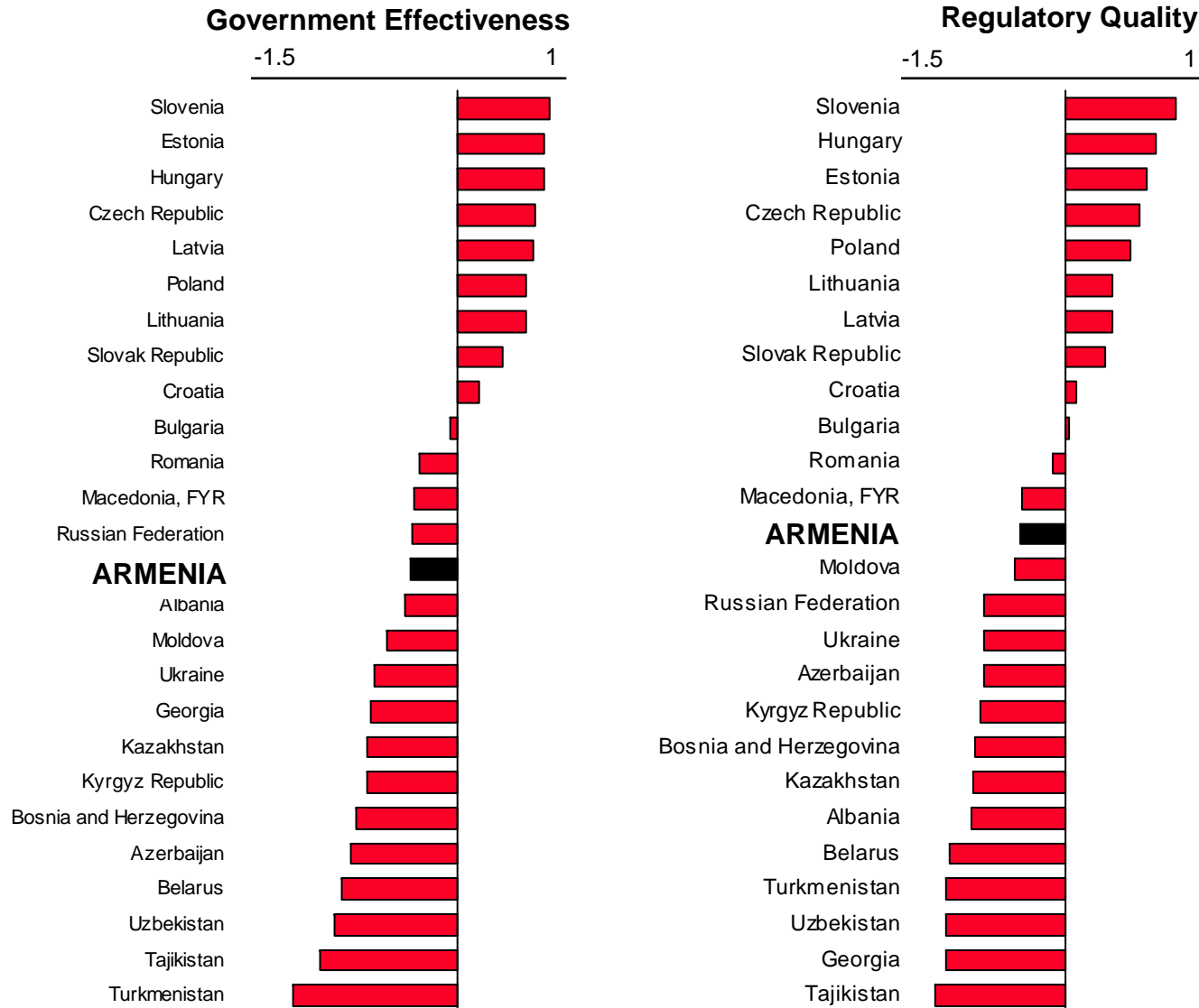


Note: Minimum of -2.5, maximum of 2.5.

Source: World Bank (2004)

Governance Indices

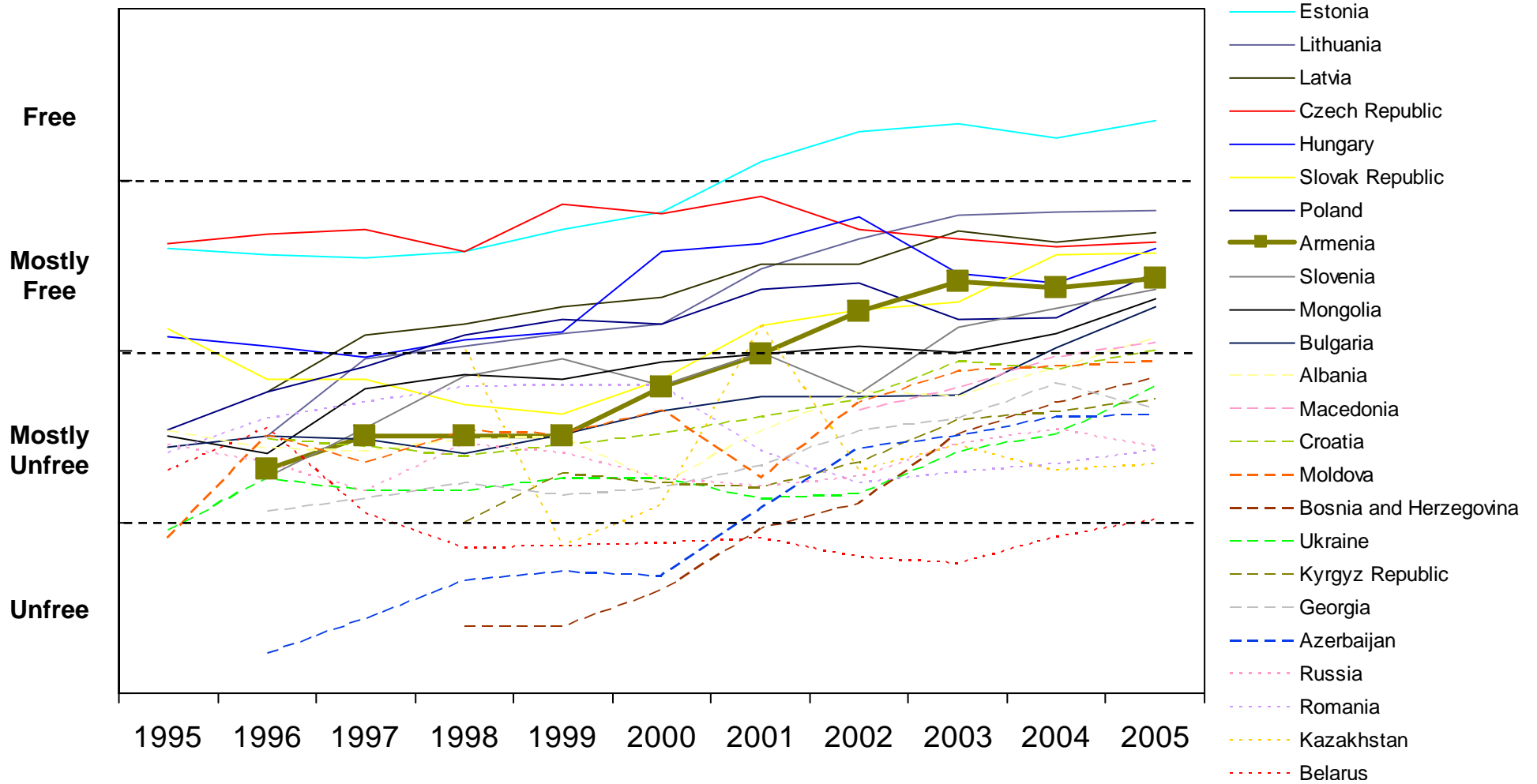
Selected Transition Countries



Note: Minimum of -2.5, maximum of 2.5.
Source: World Bank (2004)

Economic Freedom

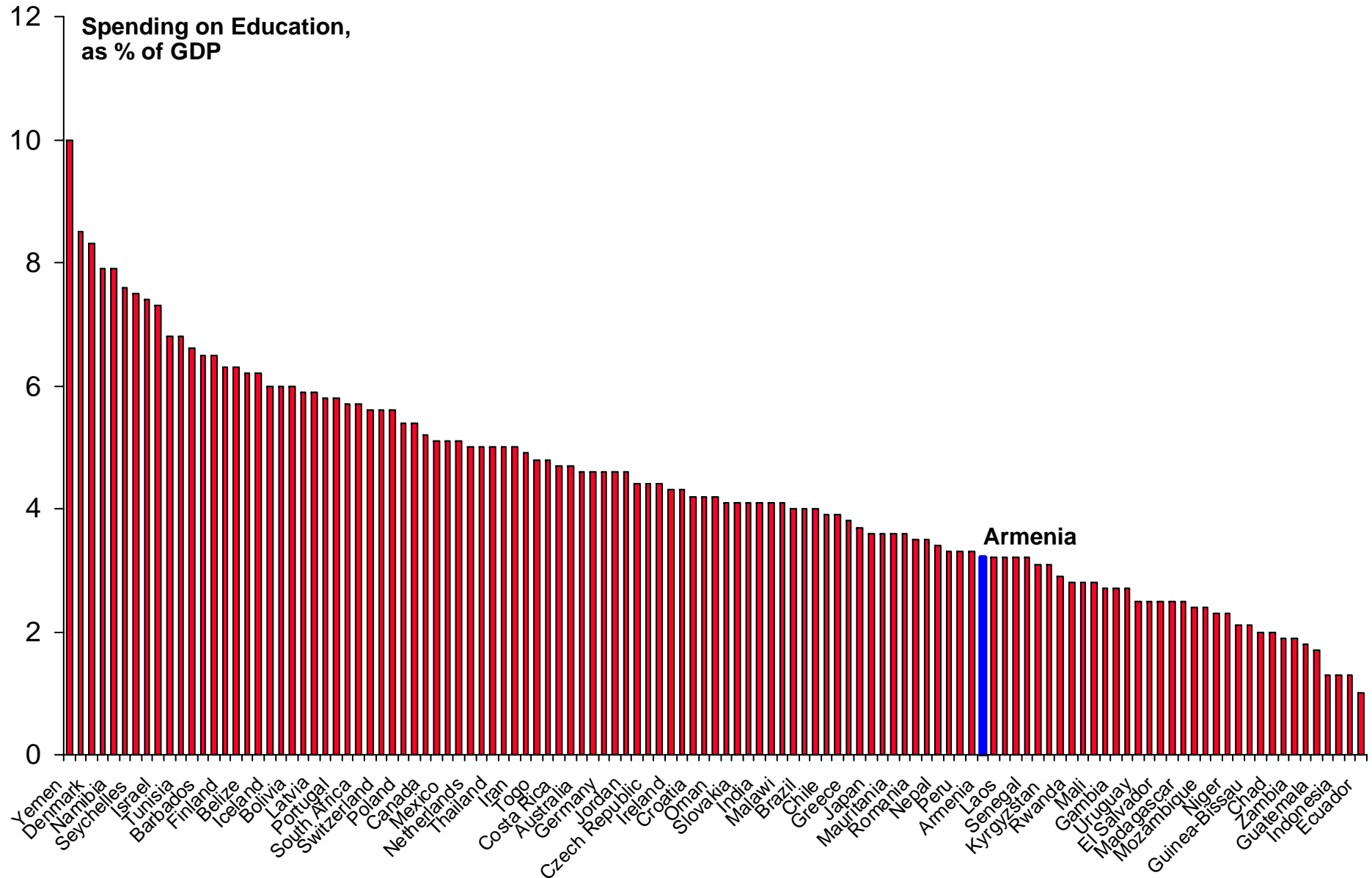
Selected Transition Economies



Source: Heritage Foundation (2005)

**Factor
(Input)
Conditions**

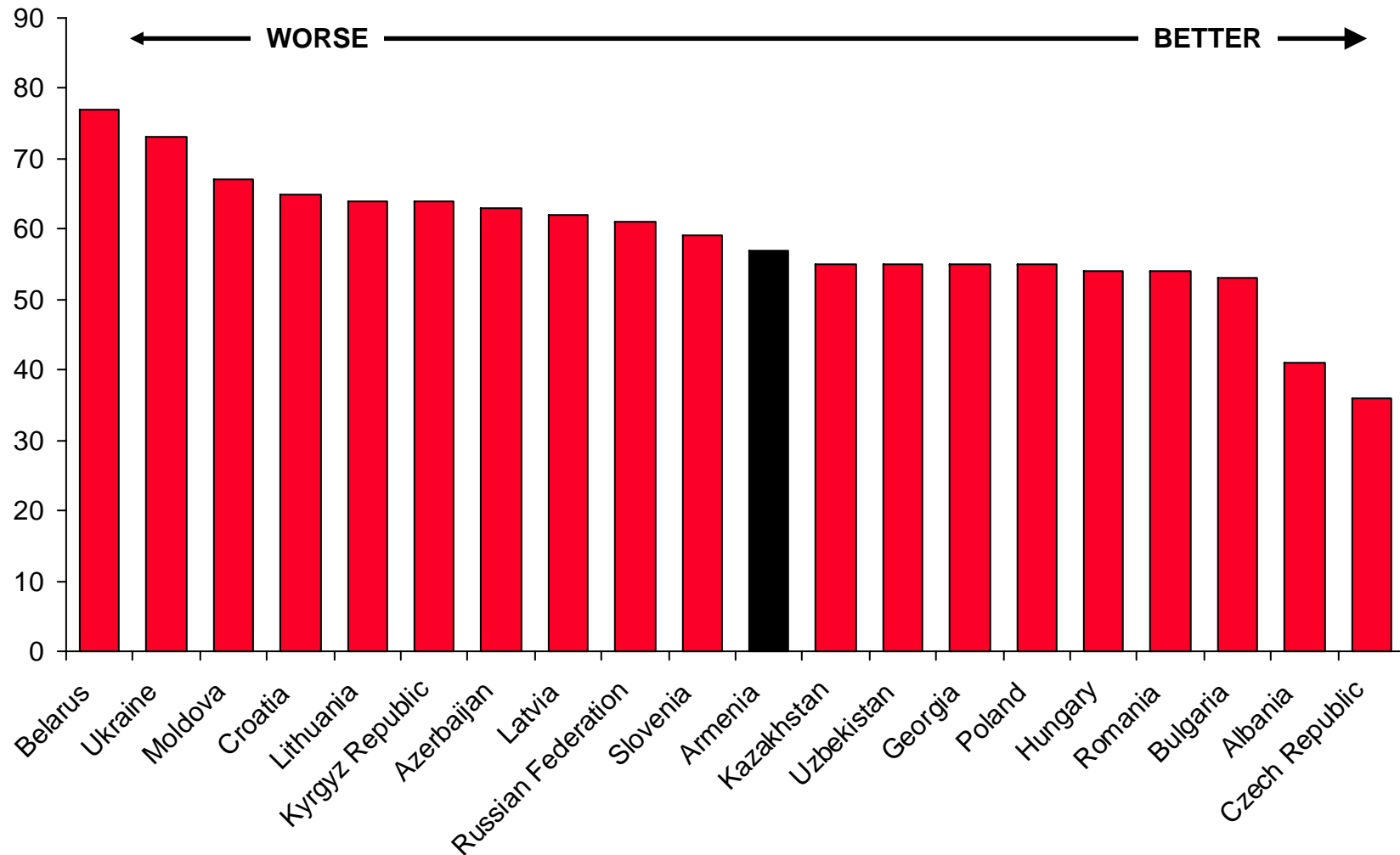
Public Expenditure on Education Selected Countries



Source: Human Development Report (2004)

Labor Market Regulation Selected Transition Countries

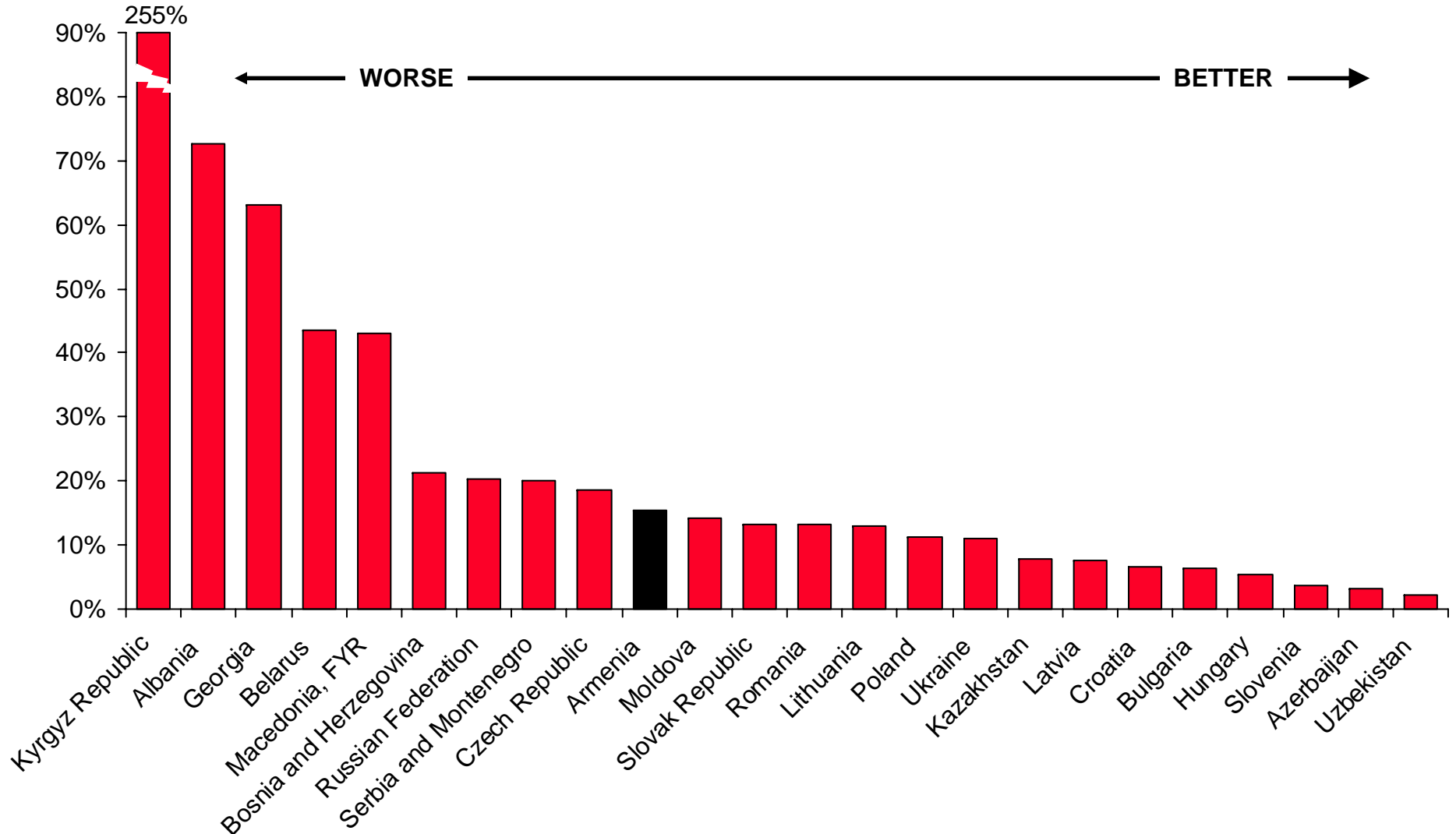
Stringency of Labor Market
Regulation, (0-100)



Source: World Bank (2003)

Contract Enforcement Selected Transition Countries

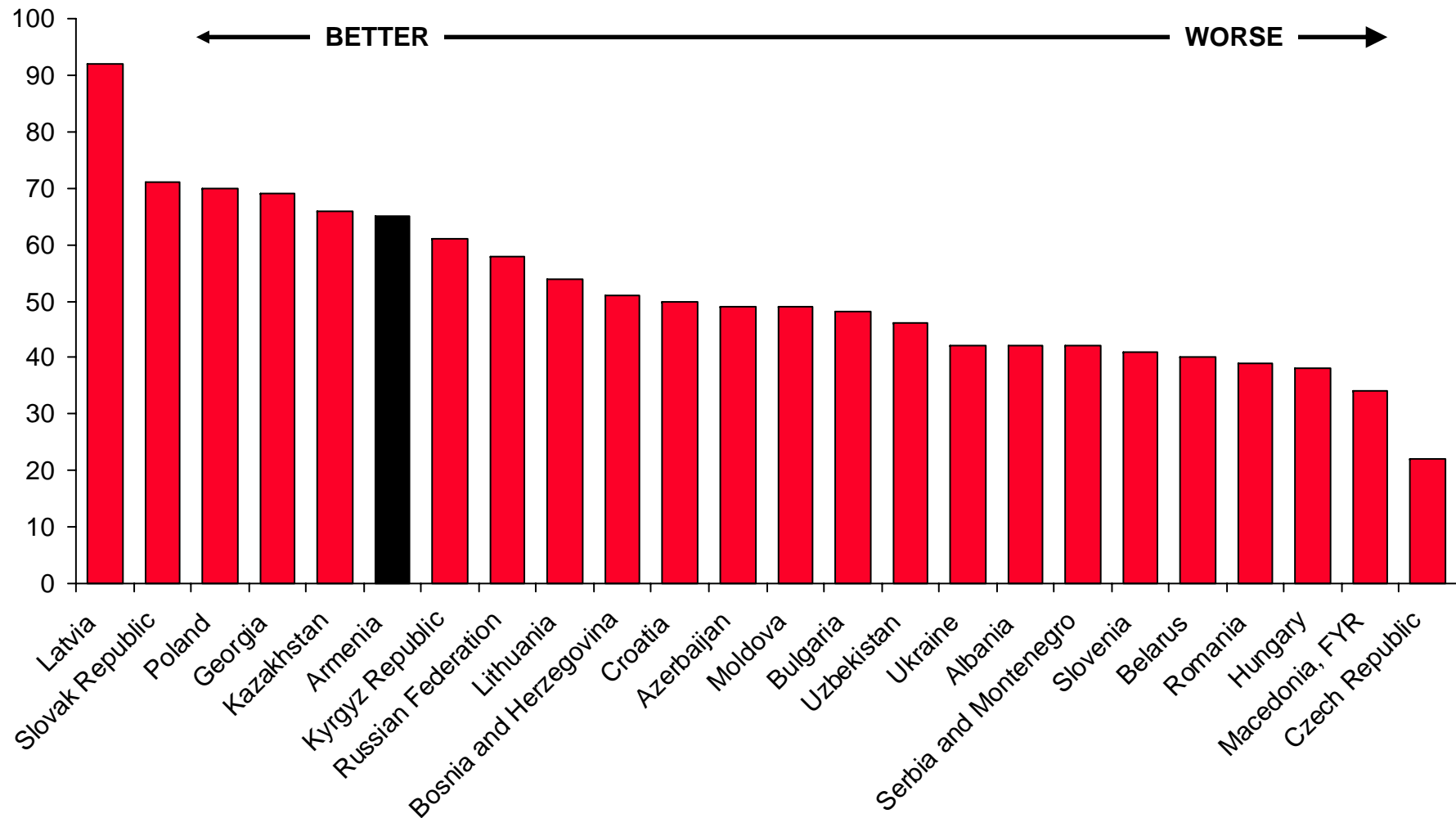
Cost of Contract Enforcement relative to GNI per capita



Source: World Bank (2004)

Bankruptcy Selected Transition Countries

Efficiency of Bankruptcy
Procedures, (0-100)



Source: World Bank (2004)