



The School of Business Studies and Humanities (BuSH)

BuSH 6008: Technological Innovation and Entrepreneurship Management :
Module 1/ **BUSH 6004: Innovation Management and Competitiveness**

Liliane Pasape , 25 July 2022.

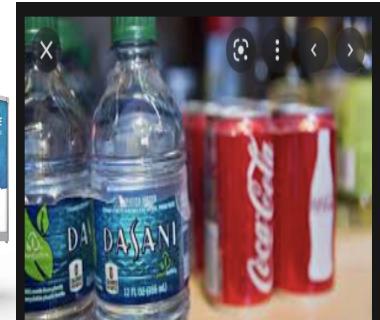
BSc. Animal Science, MBA (International Business) & PhD-BA (Marketing & Business Strategies)

Issue

□ Drinking Water : *Integrated efforts from Science, Engineering , Technology, Innovation & Business*



Shop Online Tanzania



Reality

□ What comes into your mind with respect to: Water Sources, Extraction, Production, Processing, Quality, Packaging, Distribution, Marketing, Management e.t.c

Issue

- Do you want to do business in the market where you are alone? Or With other business operators?



Reality

- Market is full of other operators and potentials of new comers, thus competition is unavoidable.

Challenge

- How can you :-**compete** in the market? The role of competitive advantage (CA)



Challenge...

- ❑ How can you :-**compete** in the market? The role of competitive advantage

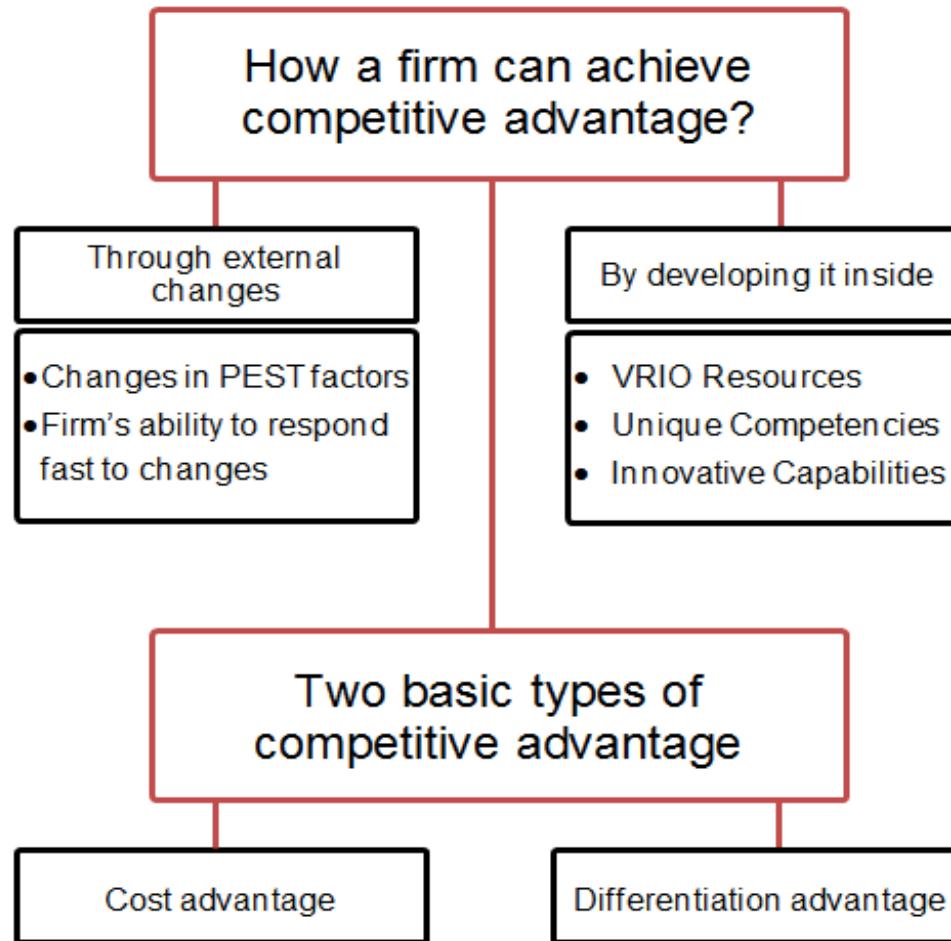


**“If you don’t have a competitive advantage,
don’t compete.”**

JACK WELCH
legendary CEO

A black and white portrait of Jack Welch, the legendary CEO of General Electric, pointing his finger to his temple. To the left of the portrait is a quote in white text on a dark background: "If you don't have a competitive advantage, don't compete." Below the quote is the name "JACK WELCH" and the title "legendary CEO".

Competitive Advantage Model



@ B.J. (1995). Looking inside for Comp. Adv. Academy of Management Executive, Vol. 9 (4), pp.49-61. Available at: <http://www.jstor.org/stable/4165288?seq=1>

COURSE AIM

Therefore this course aims to critically

- conceptualize issues in the **management of innovation** ; and
- an appreciation of the relevant skills needed to manage innovation at both strategic and operational levels....



LESSON PLAN AND HOURS ALLOCATION

BuSH 6008: Technological Innovation and Entrepreneurship Management

Module 1/ BuSH 6004: Innovation Management and Competitiveness”

MONDAY 25/07/2022	Micro Economics of Competitiveness	Liliane
TUESDAY 26/07/2022	Technological Innovation	Liliane
WEDNESDAY 27/07/2022	Innovation Strategy	Josephine
THURSDAY 28/07/2022	Network and Communities of Innovators	Josephine
FRIDAY 29/07/2022	Value Delivery from Innovation	Josephine

LESSON PLAN AND HOURS ALLOCATION...

BuSH 6008: Technological Innovation and Entrepreneurship Management :

Module 2/ BuSH 6005: Entrepreneurship and Management

MONDAY 01/08/2022	Nature, Evolution and Meaning of Management,	Janeth
TUESDAY 02/08/2022	Planning, Organize, Staffing, Leading and Controlling	Janeth
WEDNESDAY 03/08/2022	Innovation, Entrepreneurship and Business Development.	Janeth
THURSDAY 04/08/2022 *	Financial Management	Liliane
FRIDAY 05/08/2022	Marketing, Taxation and Legal Aspects.	Josephine

EXPECTED COURSE OUTCOME

At the end of this course, students will acquire knowledge, skills and competencies that will enable them to:

- ❑ Describe the role of innovation and knowledge resources in organizations and society;
- ❑ Apply innovation theory and models to real life situations;
- ❑ Analyze organizational and management aspects of innovation;
- ❑ Discuss the nature and importance of technological change and innovation, within the context of the global knowledge economy;
- ❑ Examine the role of innovation in international competitiveness and economic development;
- ❑ Review how companies formulate strategy and make decisions about innovation, through a series of case studies;
- ❑ Examine national and regional competitiveness from a bottom-up, microeconomic perspective; and Probe the ultimate determinants of a nation's or region's productivity

COURSE ASSESSMENT

❑ Coursework assessment:

- ✓ Group Assignment: Case Simulation and Analysis :20%)
- ✓ Individual Assignment: Case Analysis (20%)
Total = 40%

❑ Final examination

- ✓ 60% as per NM AIST General Examination Regulations.

* *Independent Study: ungraded*

READING MATERIALS

- ❑ Dodgson M., Gann D., Salter A. (2008). Management of Technological Innovation: Strategy and Practice. Oxford: Oxford University Press.
- ❑ Porter M. E. (2008). On Competition, Updated and Expanded Edition. Boston: Harvard Business School Press.
- ❑ Porter, M.E (1980). Competitive Strategy: Techniques for Analyzing Industries and Competitors
- ❑ Chesbrough H. (2003). Open Innovation. Cambridge, Harvard University Press.
- ❑ Drucker, P Maciariello, J (2007). Innovation and Entrepreneurship. London: Routledge.
- ❑ Gans, J.S., and Stern, S. (2003)."The product market and the market for 'ideas': commercialization strategies for technology entrepreneurs". Research Policy (32) 2003, pp 333-350.
- ❑ Schilling, M. (2008). Strategic Management of Technological Innovation. New York, McGraw-Hill/Irwin.

SUB MODULE 1: MICRO ECONOMICS OF COMPETITIVENESS

(i). Overall Competitiveness Strategy

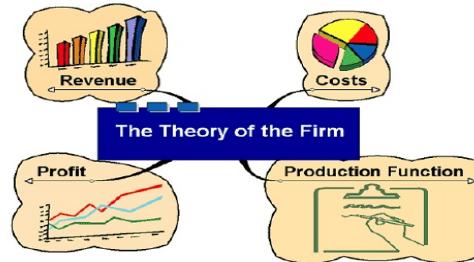


(ii). Economic Strategy for National & Regional Development



The Theory of the Firm

(ii)



(iv)



(iv)



1.1 COMPETITIVENESS FRAMEWORK (CF)

Key issues addressed by C.F



- Current and future definition of the business
- Market: type, structure, composition, & environment
- Respond to the industry's' competitive forces
- Competitive advantage: attaining and sustaining strategies
- Goal to be achieved
- Focus (What ? Where? How? When ?)
- How to reach there (survival, breakeven, growth, profitability e.t.c)



e.t.c

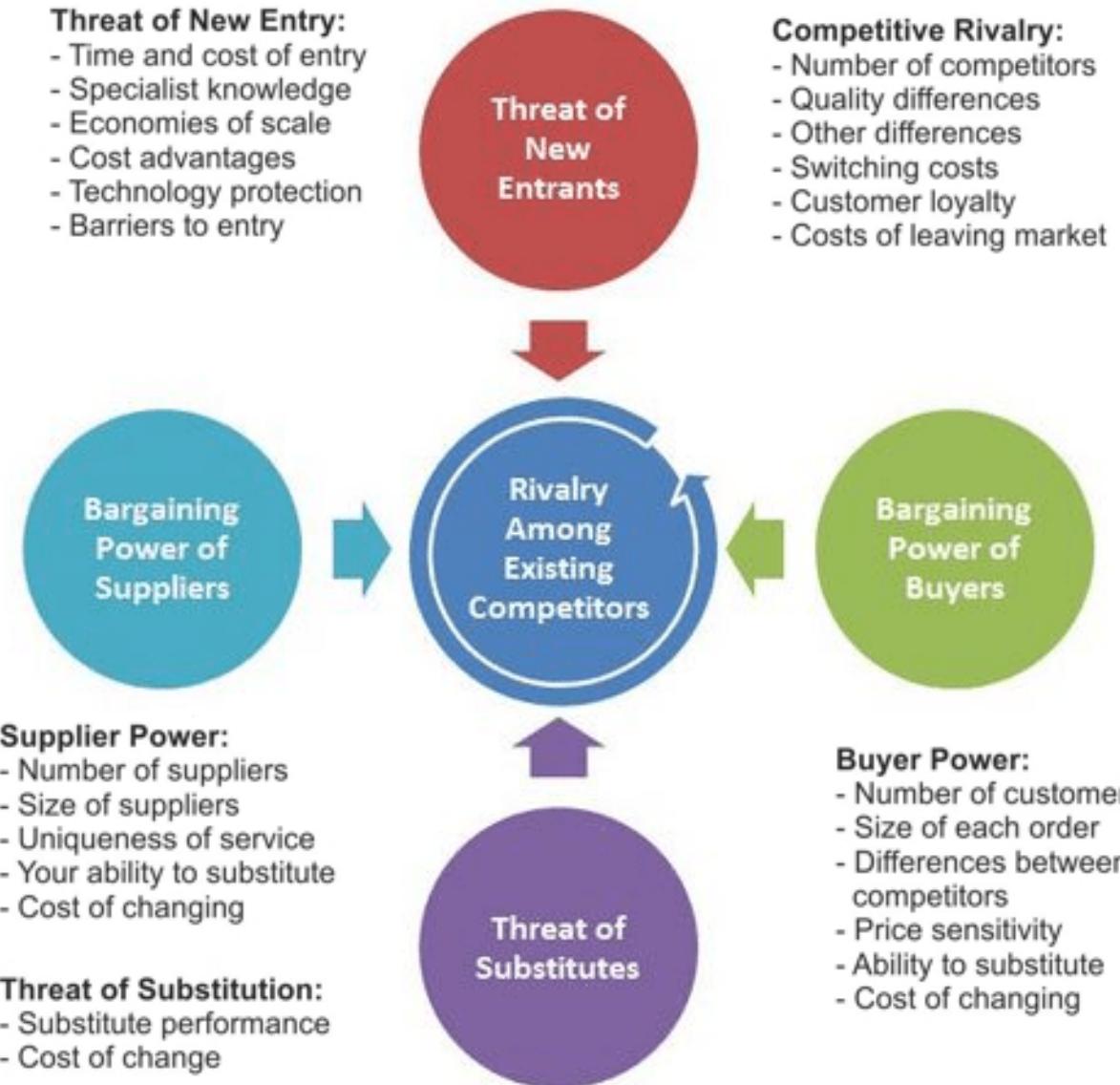
PORTERS COMPETITION MODEL (PCM)

- ❑ Used to identify the industry's structure (composition, number & power); understand the level of competition within the industry; determine corporate strategy; and enhance a company's long-term profitability.

- ❑ Forces of competitiveness:
 - **Vertical forces**: Address the supply chain competitiveness: i.e. the *bargaining power of suppliers and customers*

 - **Horizontal forces** : Address the market share competitiveness: i.e. the threat of *substitute products or services*, established rivals, and *new entrants*

Five Forces Analysis (Porter)



PCM:- BARGAINING POWER OF SUPPLIER



Raw material, labor and other inputs:

- Suppliers: Availability , Number, Volume, Size, Concentration
- Switching costs of firms in the industry / Cost of changing
- Impact of inputs on cost or differentiation
- Presence of substitute inputs
- Threat of forward integration (controls distribution centers and retailers)
- Cost relative to total purchases in industry
- Uniqueness of products/services

PCM:- BARGAINING POWER OF BUYERS



Key determinants of buyer's power

- Buyer: Volume , Size , Concentration vs. industry & Information/ Profile
- Brand identity
- Price sensitivity
- Bargaining leverage: influencing power
- Threat of backward integration (controls subsidiaries that produce some of the inputs used in the production of its products)
- Product differentiation
- Substitutes available
- Cost of changing

PCM:- THREAT OF NEW ENTRANT



Characteristics that **protect the high profit level** of firms in the market and **inhibit additional rivals** from entering the market:

- Absolute cost advantages
- Economies of scale
- Cost advantage
- Cost of entry
- Switching costs
- Specialized knowledge
- Access to distribution
- Access to inputs
- Capital requirements
- Government policy
- Brand identity
- Expected retaliation
- Proprietary products / patents rights
- Proprietary learning curve

PCM:- THREAT OF SUBSTITUTE PRODUCTS



Factors which **influence** **threat** of substitute products

- Availability of substitute
- Volume/ number of substitute
- Price-performance / price elasticity
- Buyer's switching costs
- Buyer inclination to substitute / ease of substitution
- Product quality
- Product performance
- Substandard product

PCM:- RIVALRY AMONG EXISTING COMPETITORS



Industry Characteristics which influence intensity of industry

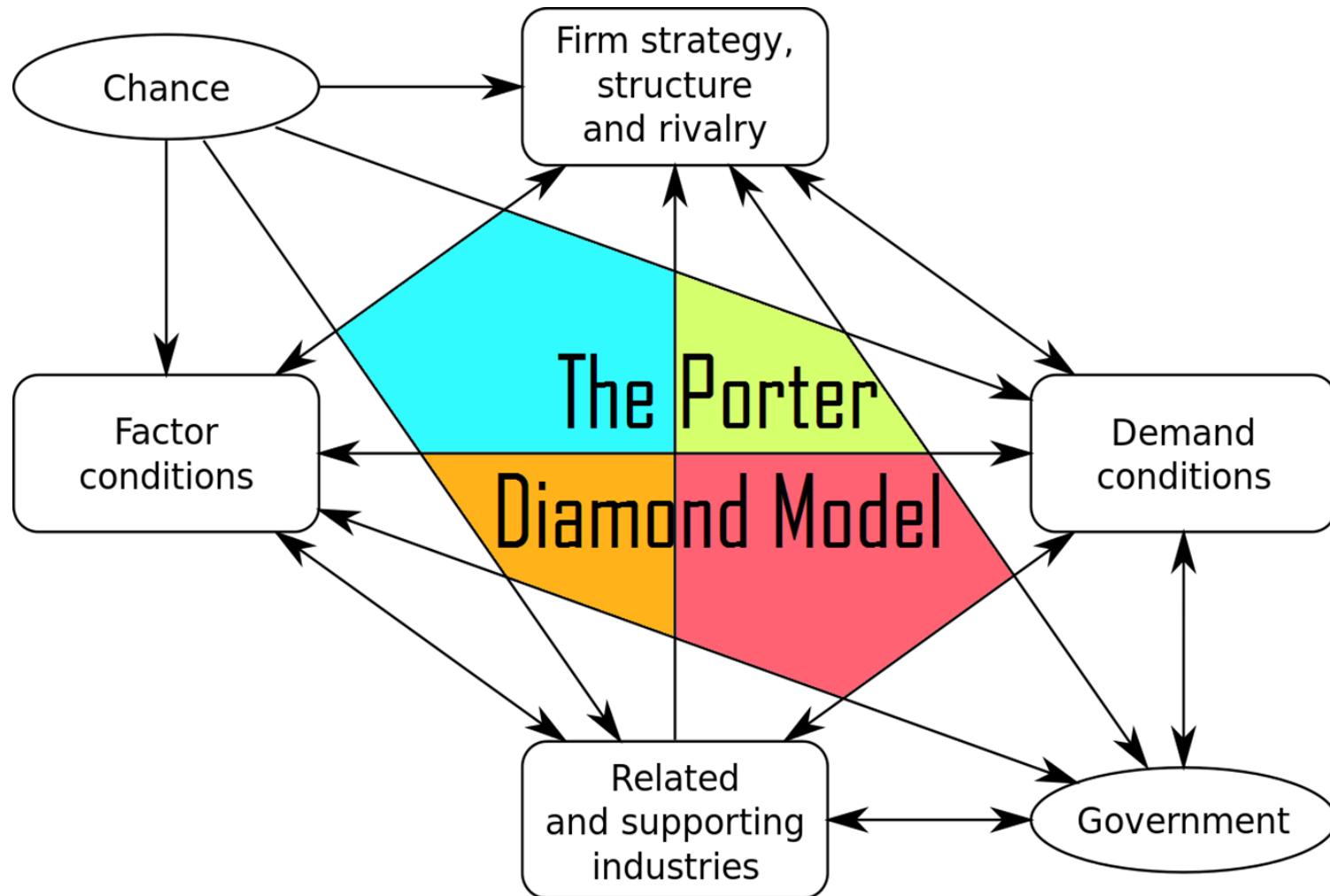
- Industry concentration / large number of firms
- Quality of the products/ services
- High exit barriers
- Fixed costs/Value added
- Industry growth
- Intermittent overcapacity
- Low level of product differences
- Low Switching costs
- Competitive advantage through innovation
- Brand identity
- Diversity of rivals

.....What about competitive
advantage at the nations level?.....

*what determines nation's competitive
advantage?....

DIAMOND ECONOMIC MODEL

- ❑ Key Factors that determine national's Competitive advantage



CLASS ACTIVITY 1: INDEPENDENT STUDY 2 IN GROUPS (5 PAX)

1) Key Issues addressed in the Diamond Model

- Where does economic growth comes from?
- Why some countries have higher growth rates than others?
- Why some countries are richer than others.

2) Understanding of different types and levels of economies:

- Developed/ Advanced; Transitional; and Developing Economy

3) Some key indicators of nations' development

- Growth domestic product; Per capital income; Infrastructure; Standard of living, Industrialization, ,.....,..... e.t.c

4) Strategic supporting policies and machineries

- Policies, infrastructure, education, tax incentives, ,.....,..... E.t.c



...COMPETITIVE STRATEGY

- ❑ A plan for how a firm will gain competitive advantage , compete against its competitors and achieve its goals



COMPETITIVE STRATEGY

1

Resources and Capabilities

List the resources and capabilities

Financial | Human | Material | Non-material

2

VRIO Analysis

Use the four VRIO questions to evaluate the resources/capabilities

Valuable

Yes

Rare

Yes

Inimitable

Yes

Organized

Yes

No

No

No

No

Plan to **get back** to the resource/capability when the conditions change.

Is there the **potential to improve** resources/capabilities with a "No" answer?

Yes

How can we **maintain/improve** the resource/capabilities?

3

Strategy Map

Use the most promising resources/capabilities to formulate a strategic hypothesis

COMPETITIVE STRATEGY...

Competitive strategy answers the following vital questions:

- What is current and future **position** of the business
- What **size of market** position do the organization intend to achieve?
- In what markets will we compete? And **why**?
- Who are the **competitors** and How will the organization **respond to the industry's competitive forces**
- What strategy will be used to **attaining competitive advantage** ?
- What will be organization **priority and focus** for growth and development?
- What are possible **barriers** ? And how will organization **overcome them**?

** Thus, one need to carry out the environmental / business analysis

COMPETITIVE STRATEGY...



@ Kheng G Toh

COMPETITIVE STRATEGY...



TYPES OF COMPETITIVE STRATEGY...

Modality:

(i) Offensive Strategy :

- Involve strategic moves that **improve the firm's own position relative to that of rival firms** in the industry:
- Used to **build new or stronger market position** and create competitive advantage

Examples:

- neutralize, match, or exceed the competitive strength of rival firms
- turn competitive attention to the weaknesses of rival firms
- throw rival firms off balance with multiple tactics (new product introductions, increases in advertising and reductions in price)
- lead to a first-mover advantage in unnerfed or uncontested markets by maneuvering around rival firms
- secure a first mover advantage that is difficult to imitate with initiatives such as expanding capacity beyond current market demand and securing pricing advantages with long-term supply contracts.

TYPES OF COMPETITIVE STRATEGY...

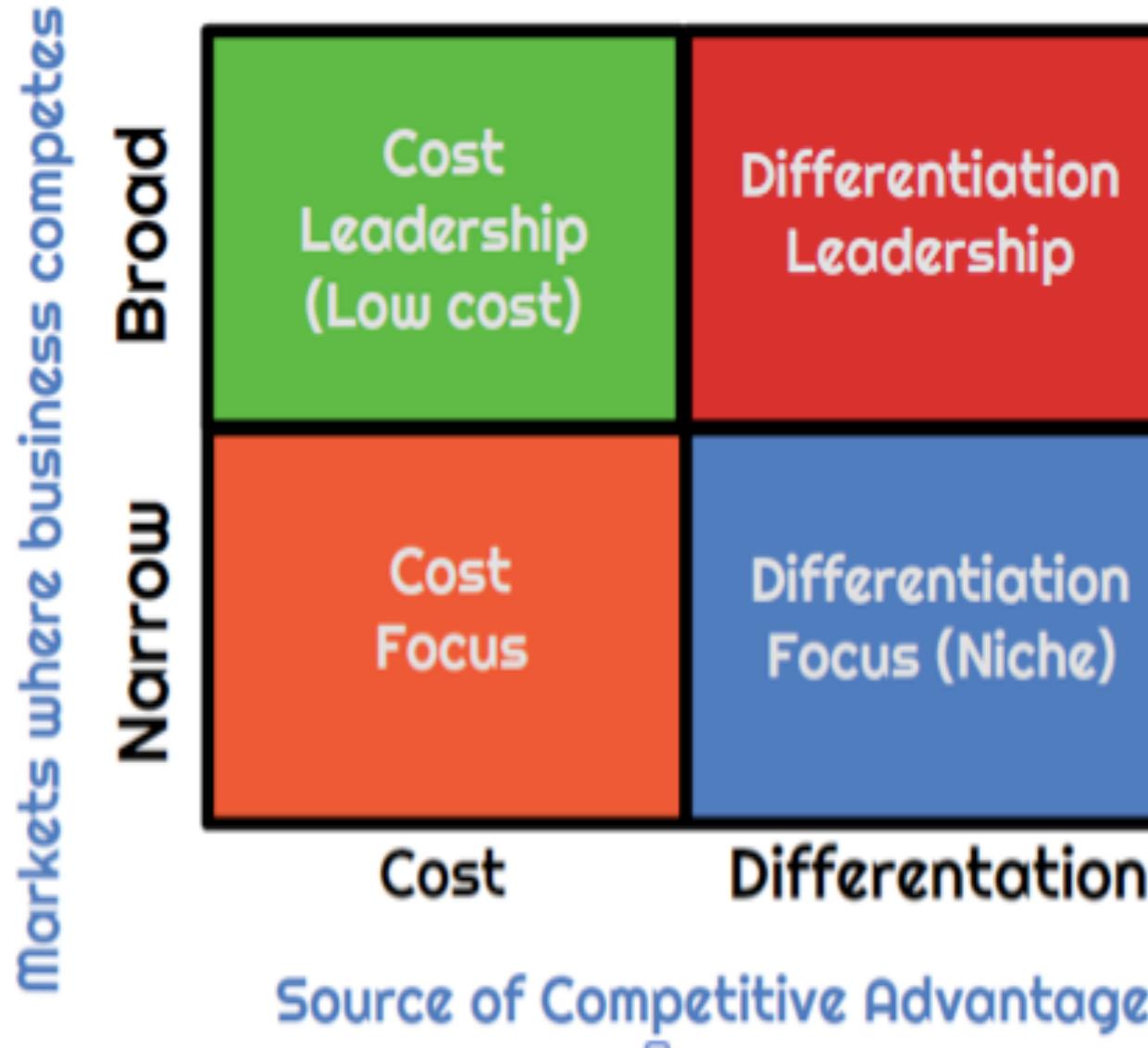
(ii) Defensive Strategy:

- Aimed at **defending an industry position**, **protect** competitive resources from imitation, and **sustain an existing advantage** by lowering the risk and weakening the impact of rival firm offensive attacks.
- Involves moves that **reduce the ability** of rival firm strategies to threaten the firm's **competitive strength** or organizational resources
- Often they **protect competitive advantage**: e.g market share, profitability, image, positioning e.t.c

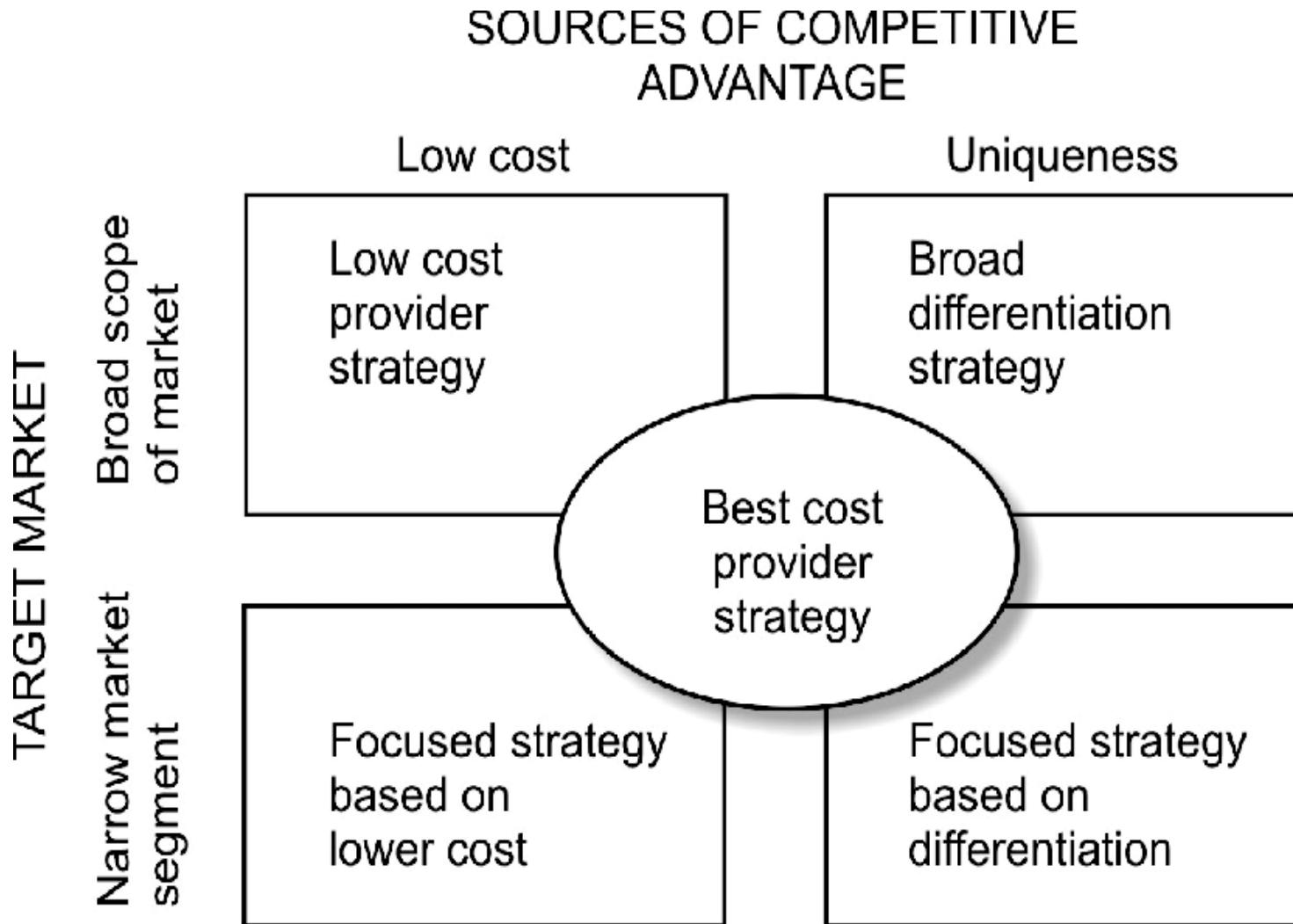
Examples

- Retrenchment
- Retaliation (denying/ preventing new entrant)
- Commitment (discourage rivalry's attack)
- Government intervention (political and legal tactic)
- Strategic flexibility (in moving away from declining market)
- Avoidance (focus on market segment which has little or no interest of rival)
- liquidation

COMPETITIVE STRATEGIES...



COMPETITIVE STRATEGIES...



COMPETITIVE STRATEGIES...

Focus Areas :

- ❑ **Market Dominance** :- (market share: share of sales or customers)

- Leader (new) ,
- Challenger (attack with discount, quality ,advertisement ,
- Follower (imitator) ,
- Niche (specialty)

*****Reasons: economies of scale, barrier to entry, resource ownership, price



- ❑ **Innovation Strategies** (new product development)
- Pioneers , Close followers , Late followers

COMPETITIVE STRATEGIES...

Focus Areas :

- Growth Strategies (direction of growth of organization)
 - Horizontal integration: one company acquires or merges or strategic alliance with another that operates at the same level in an industry. Increase in market share, customer base, revenues, reduce production cost, increase economies of scale , product differentiation and benefits from synergy.
 - Vertical integration, : allows a company to streamline its operations by taking direct ownership of various stages of its production process rather than relying on external contractors or suppliers. It controls suppliers and distributors , E.g Netflix:
 - Forward integration: Forward integration is a type of vertical integration in which a company in the supply chain merges with a distribution channel. 2.
 - Backward integration: Backward integration is a type of vertical integration that's considered an "upstream" business move.
 - Ansoff's Strategic Matrix: Diversification (related, unrelated) , Intensification (market development, market penetration, product development.

COMPETITIVE STRATEGIES...

Growth Strategies ...

The Ansoff Matrix also known as Product/Market Expansion Grid, is used by business managers and the analyst to plan and evaluate growth initiatives, evaluate the relative attractiveness of growth strategies that leverage both existing products and markets vs. new ones, as well as the level of risk associated with each..

- Market Penetration –increasing sales of existing products into an existing market
- Market Development –selling existing products into new markets
- Product Development –introducing new products to an existing market
- Diversification –entering a new market with altogether new products



COMPETITIVE INTELIGENCE SYSTEMS.

Competitive Intelligence

- ❑ refers to action of defining, gathering, analyzing, and distributing key and **secrete information** about issues/items which support managers in decision making process such as: products, customers, competitors and business environment .
- ❑ The competitive intelligence process aids the firm in systematically obtaining, processing, analyzing, disseminating, and interpreting competition information in order to react accordinalv.



- ❑ Focus on external business environment

- ❑ The core of competitive strategy and preparation of strategic framework

COMPETITIVE INTELIGENCE SYSTEMS...



COMPETITIVE INTELLIGENCE SYSTEMS...

❑ Tools categories

- Corporate strategy,
- Product,
- Customer,
- Finance,
- Management
- Behaviour e.t.c

❑ Aim to determine key competitive issues such as:-

- What is the basis of competition
- Where the firm competes
- Who does the competitor compete against
- How does the firm compete
- What are risks and opportunities)

COMPETITIVE INTELLIGENCE SYSTEMS...

□ Levels of Competitive Intelligence

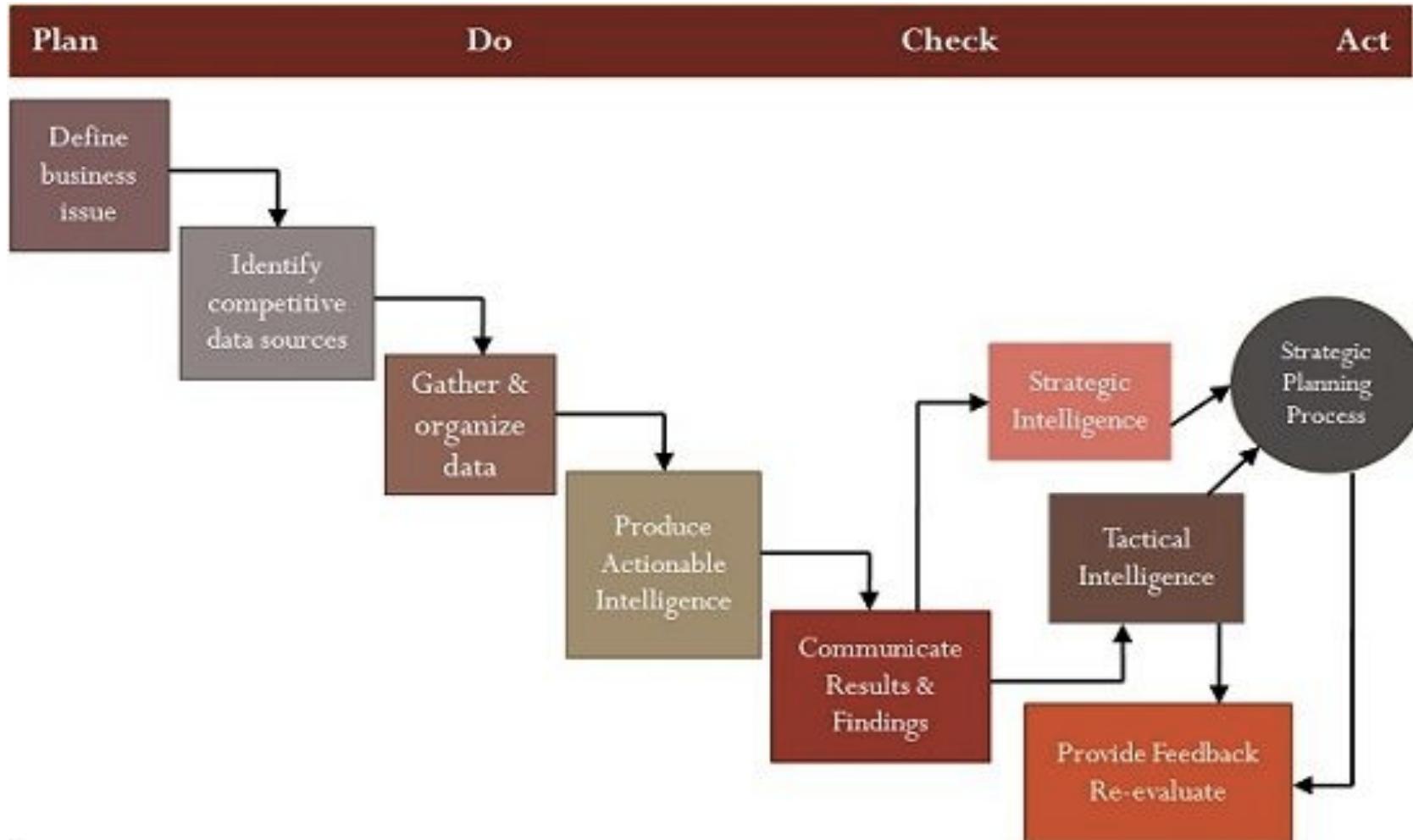
- Strategic (strategies , capabilities and future goals of competitors)
- Tactical (operational : sales, price and product differentiations)
- Counter intelligence (defending company secretes)

□ Cycle of Competitive Intelligence Process

- Identify the issue / problem
- Planning and s direction
- Data collection and research(field ,published &catalogues data)
- Processing and storage (of actionable intelligence)
- Analysis and production
- Dissemination delivery: (mainly to strategists)
- Provide feedback and re -evaluate

COMPETITIVE INTELLIGENCE SYSTEMS...

□ Steps of Competitive Intelligence





A FIRM



Law Firm



Firm of Architects



Plumbing Firm



Marketing Firm



Consultancy Firm



Oil & Gas Firms

A single organ in an industry which **employ resources** (factors of production) to produce goods and services for **profit** and own and operate one or more plants.

- A commercial enterprise, that buys and sells goods/services for **profit**

A FIRM...

- Objective of the firm
 - Decision making
 - Evaluation of management decision against goals
 - Value and Wealth Maximization
 - Sales maximization
 - Profit maximization
 - Scarcity Management (especially under oligopoly)
 - Customer Satisfaction

- Constraints of the firm
 - Resource constraints(Capital/ Finance, Human Resources (both skilled and unskilled), Land, Technology, Raw materials e.t.c)
 - Social constraints
 - Legal Constraints

**** Industry

- a group of one or more firms which produce similar products

THEORY OF THE FIRM....

□ Theory of the firm

□ Comprised of a number of economic theories that describe the:

- nature of the firm or corporation,
- existence
- behavior ,
- structure,
- performance and
- their organization relationship in / and to the market

ECONOMIC THEORIES WHICH DESCRIBE THEORY OF THE FIRM

❑ Behavioral Theories:

- Depicted how decisions are made in such that people possess limited cognitive ability hence in order to attain realistic goals, individuals and groups have to work together.

*** Thus Behavior theories

- Linked to leadership styles (style and manners) towards value maximization e.g democratics, laissez fair, autocratic e.t.c

ECONOMIC THEORIES WHICH DESCRIBE THEORY OF THE FIRM

Transaction Cost Theory:

- The cost of providing for some good or service through the market rather than having it provided from within the firm.
- transactions are embedded within social, political, legal institutional environments that affect transaction costs. These “rules of the game” affect property, production, distribution, and exchange relations among economic actors
- fundamental forms of transaction governance and the conditions when they're likely to occur:
 - **Market:** Autonomous parties' exchanges are governed by prices in supply-demand equilibrium
 - **Hierarchy:** (Formal org) Transactions among parties occur under a unified owner, who settles disputes by administrative fiat
 - **Hybrid:** “Long-term contractual relations that preserve [parties'] autonomy, but provide added transaction-specific safeguards as compared with the market.”

ECONOMIC THEORIES WHICH DESCRIBE THEORY OF THE FIRM

□ Managerial Theories

- Managers seek to maximize their own utility , sales and achieving a minimum level of profit which satisfies shareholders.

**Thus Managerial theories ascertain maximization of:---

- Sales
- Staff
- Growth and
- Utility

**Local Market?
International Market or
Global Market?**

INTERNATIONALIZATION AND GLOBALIZATION...

International: involves firm level marketing practices used **across the border**, including market identification and targeting, entry mode selection and strategy, marketing mix and strategic decision to compete in international market.



INTERNATIONALIZATION AND GLOBALIZATION...

Globalization refers to:

- a process of **economic integration** of the entire world through the removal of barriers to free trade and capital mobility as well as through the diffusion of knowledge and information.

- the increasing interdependence of the world's economies, cultures, and populations as a result of cross-border trade in commodities and services, technology, and investment, people, and information flows.



INTERNATIONALIZATION AND GLOBALIZATION...

Globalization:

- *Globalization of production:* take advantage of local resources in overseas location and optimize organization competitiveness
- *Globalization of Market:* Aided by information technology, telecommunication and transportation system
- *Global Company:* A firm which compete in all markets in order to survive, usually it depend on economies of scale



MOTIVES FOR DOING BUSINESS ACROSS BORDERS

Internal Factors:

- Company Goals and Objectives
- Corporate Strategies
- Availability of Organization Resources (HR, Financial and Raw material)
- Commitment level
- Flexibility
- Infrastructure Support (e.g ICT)
- International Experience

External factors:

- Market Size
- Market Growth
- Government Policies and Regulation
- Production and Shipping Costs
- Competition Level
- Risk Level (Political, Economic, Operational e.t.c)



STRATEGY TO ENTER FOREIGN MARKET

Standardization Strategy

- ❖ Refers to process of marketing product/services in overseas markets with **little change** except for packaging or labeling.



□ Factors which favor standardization strategy

- High level of technology
- Convergence of customer's needs globally
- Formidable adaptation cost
- Country of origin impact

□ Benefits associated with standardization strategy (Pro)

- Projecting global image of the product/services, Catering for customer globally, Cost saving via economies of scale, Aid development of global brand, economies of scale, faster setup time, easy monitoring of communication

□ Cons

- Low effectiveness of advertisement, limited flexibility

STRATEGY TO ENTER FOREIGN MARKET...

Adaptation Strategy

- Involve customization; i.e making changes in a product in response to the need of target market

❑ Factors influencing adaptation strategy

- Consumer demographic
- Culture, Local Customs and Traditions
- Price
- Climatic and other conditions of use
- Standards in different countries e.g electric appliances
- Government Regulations and Standards

❑ Benefits of adaptation strategy (Pro)

- Increasing market share and sales
- Fulfill customers' expectation
- Widening their market
- Local image and specification

❑ Cons

- High cost, time consuming, flexibility,, wide market demand



**FIFA WORLD CUP
Qatar 2022**

MODE OF FOREIGN MARKET ENTRY

Production in Home Country

- a) **Export** (production in home country, finished goods are shipped to overseas market)



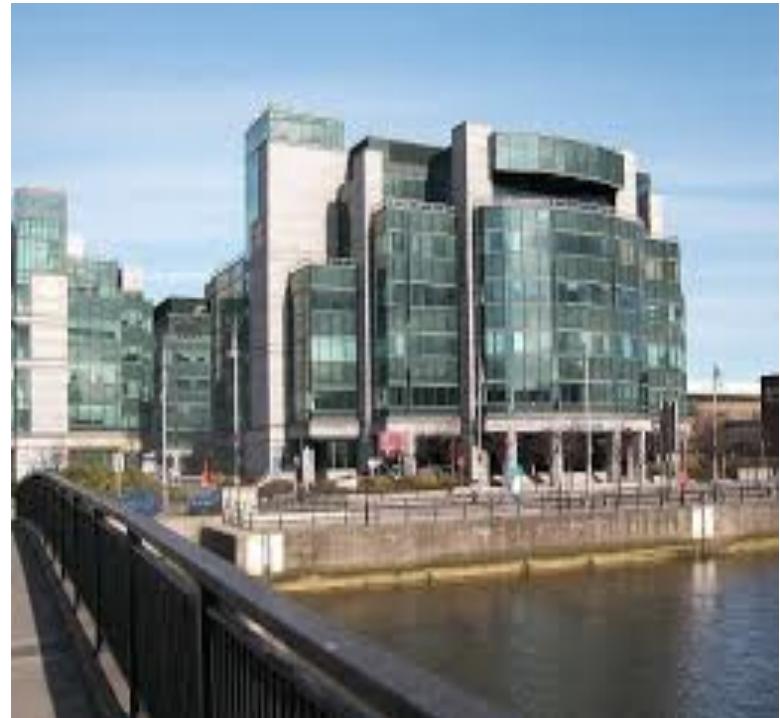
- i. **Direct Export** (sell directly to importers in overseas market)
- ii. **Indirect Export** (sell to an export intermediary in home country who in turn sell to export market)
- iii. **Complementary Export** ‘Piggybacking’ -(use other foreign firms’ distribution channel as agent/distributor)

MODE OF FOREIGN MARKET ENTRY

□ Production in Home Country

b) Providing Offshore Services (with help of ICT) e.g

- Centers America's call centers in India
- Offshore Financial in Cyprus



MODE OF FOREIGN MARKET ENTRY...

□ Production in Foreign Country

- a) Contractual Entry Mode (use of synergetic effect of partner firm and use its resources)

i. International Licensing

- a company sells licenses to other smaller companies to use intellectual property (IP) i.e patents, trademarks, copyright, process technology, design, business skills)
- In most of cases, the licenses are non-exclusive, hence can be sold to multiple competing companies
- Licensing company does not control the licensee's business operations however it may exercise control over how its IP is used but.
- Managed by contract law
- No support or training
- E.g Microsoft Office



Microsoft

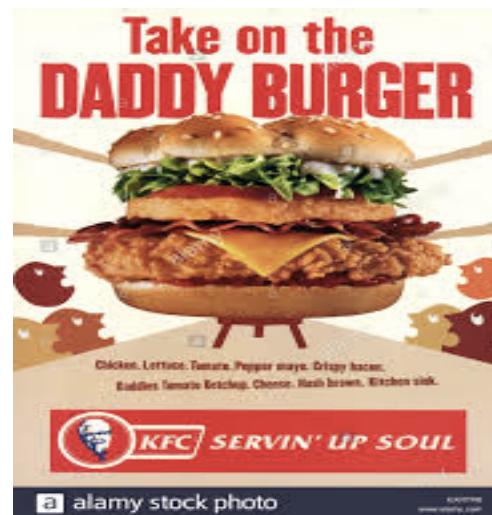
MODE OF FOREIGN MARKET ENTRY...

□ Production in Foreign Country

- a) Contractual Entry Mode (use of synergistic effect of partner firm and use its resources)

ii. International Franchising

- involves transfer of intellectual property right and other assistance such as branding and marketing
- franchisee uses another firm's successful business model and brand name to operate an independent branch of the company.
- franchiser maintains a considerable degree of control over the operations and processes used by the franchisee
- E.g KFC, Mac Donald e.t.c



MODE OF FOREIGN MARKET ENTRY...

□ Production in Foreign Country

b) Investment Mode

i. Overseas Assembly/ Mixing (avoid high shipping cost and import tariff and use labor in overseas market)



China trucks assembly in Nigeria



Cellphone (Life Mobile) assembly in Uganda

MODE OF FOREIGN MARKET ENTRY...

□ Production in Foreign Country

b) Investment Mode

i. Joint Venture (use overseas partner)

► Eg Sony Erickson mobile Phone
(Japan& Sweden)



► Toyota & Panasonic jointly for
an electric car under the project
“Prime Planet Energy and Solutions”



MODE OF FOREIGN MARKET ENTRY...

□ Production in Foreign Country

c) Wholly Owned Foreign Subsidiaries (to have complete control & ownership of intern. Operation)

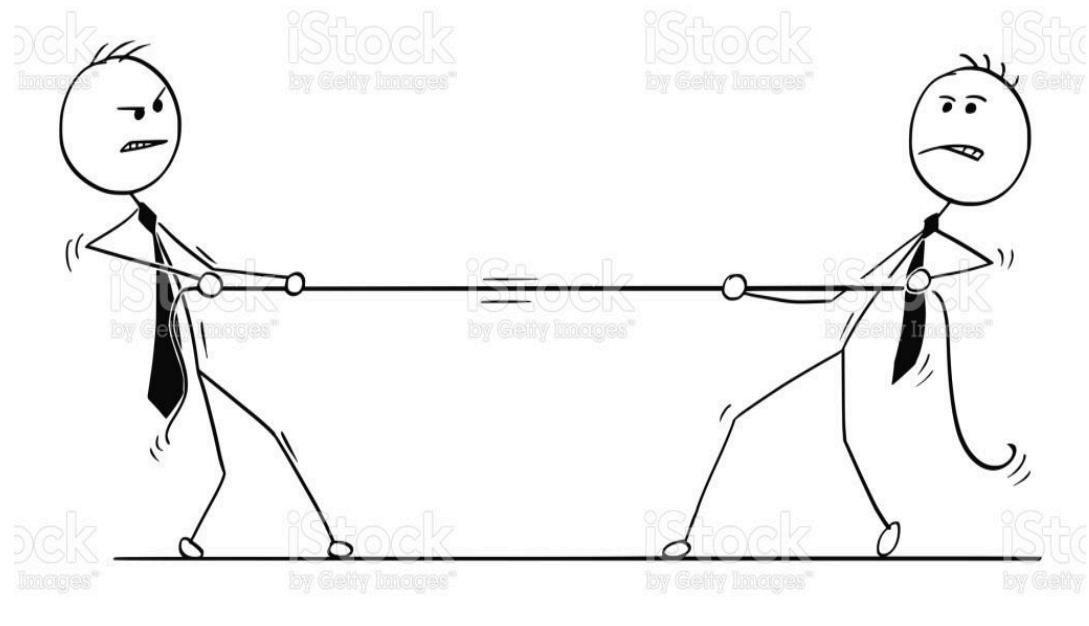
- i. Acquisition (acquire a foreign company and all its resources in a foreign market)



- ii. Greenfield Operations (create the production and marketing facilities on its own from scratch)

SOURCES OF COMPETITION

- Efficiency
- Flexibility
- Innovation
- Strategies
- Risk management
- Learning
- Reputation

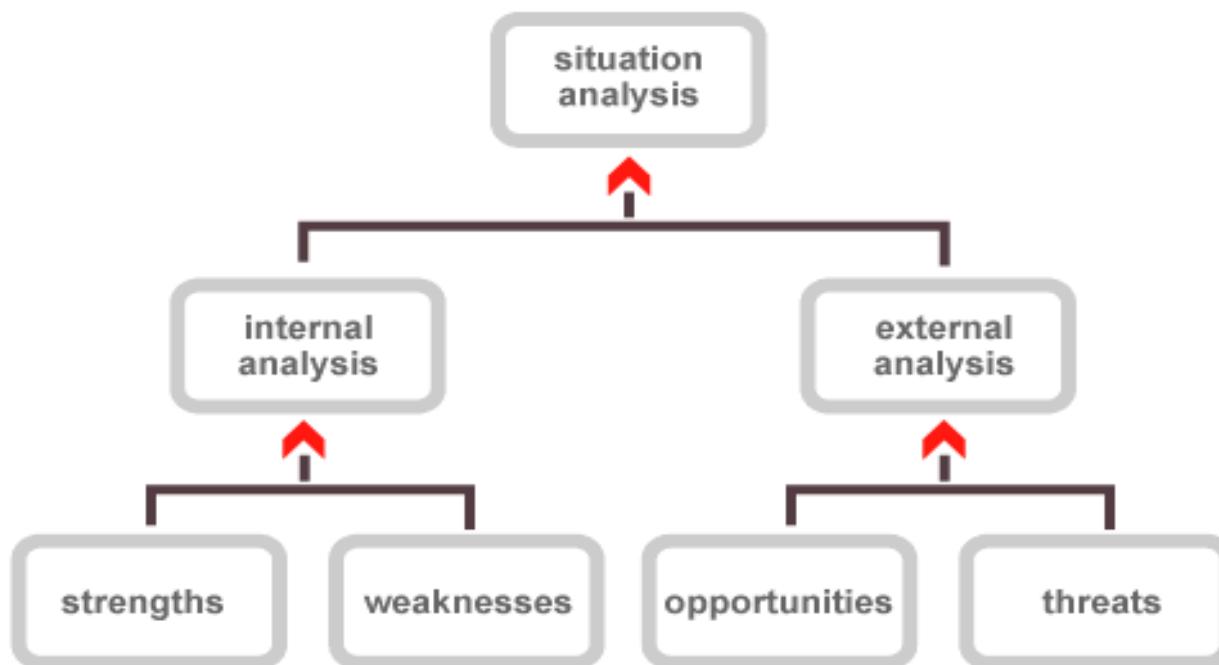


901618714

....Handling business environment?...

MICROECONOMICS BUSINESS ENVIRONMENT

- ❑ Micro Environment
- ❑ Macro Environment



BUSINESS ENVIRONMENT: SWOT/T ANALYSIS

INTERNAL: S&W

Micro environmental forces

- ❑ Organization: -structure, staff, creativity, flexibility
- ❑ Marketing: -market share, sales, quality of goods &services
- ❑ Resources:- raw materials, staff and financial resources
- ❑ Finance: -revenue, cash flow, liquidity, financial stability, capital availability
- ❑ Manufacturing: -facilities, capacity, skills, technology
- ❑ Company position :- image, reputation, operation capacity

EXTERNAL: O&C

Macro environment forces (PESTEL)

- ❑ Political: ideology, peace and stability
- ❑ Economic: Economic growth, exchange rate, inflation, depression e.t.c
- ❑ Social Factors: reference group, family, tradition, social class
- ❑ Environmental: climate
- ❑ Technology

b. Micro environment factors

- ❑ Competitors
- ❑ Customers
- ❑ Distributors
- ❑ suppliers

CLASS ACTIVITY 2: INDEPENDENT STUDY 2

CLUSTER AND CLUSTER DEVELOPMENT

□ Cluster

- defined as a **geographical concentration** of firms active in similar technological activities.
- include a wide range of **actors** that are part of a given sector's supply and demand chain and play a symbiotic role in relation to each other
- considered as key **to increase growth and productivity**, and are often supported at the regional and the national level.
- are initiated in **regions** where there have been previous, where a number of companies grouped and have a developed economic links for collaboration or competition ;
- belongs to a **market player**, a clusterpreneur which have a major influence on it, can support the initiative and can attract other members ;

CLUSTER DETERMINANTS

- The **initial resources** of the area and the existing economic environment which facilitate entrepreneurial culture and starting up a new business ;
- **Companies strategies and the competitive environment** influence their evolution as they are increased quality and collaboration to meet higher requirements ;
- **External factors** such as competition, demand , market conditions, and related supporting industries are influencing
- **Related and supporting industries** describe the factors that allow Cluster firms to evolve and maintain their competitive advantages ;
- In terms of **innovation, important** factors are University and Research Centers that may provide new technology needed in production process.

ADVANTAGES OF CLUSTER

- ❑ A high concentration of firms generate an increases market and hence more opportunities for reaching to more customers ;
- ❑ Decreased transport costs and supply chains ;
- ❑ More facile access to resources ;
- ❑ Opportunities for new companies that see new scenarios to extend in this environment ;
- ❑ Offers a higher degree of specialization in products and services ;
- ❑ More competitive environment that provides better motivation ;
- ❑ Greater cooperation between cluster members ;
- ❑ The proximity increases confidence between firms and facilitates communication ;
- ❑ A concentration of companies with activities in the same area will create a workforce pool that has experience and it is specialized in their field ;
- ❑ Better access to skilled employees ;
- ❑ The proximity of firms in the same industry allows an exchange of knowledge and ideas through direct contact and free movement of labour

CLUSTER DYNAMICS: ACTORS & COMPONENTS

- Incumbent firms
- Spin-offs
- Start-ups
- Relocated Companies
- Knowledge Intensive Services
- Cluster Cooperation

TYPES OF CLUSTERS

- ❑ Well-established whereas vs just emerging.
- ❑ Large and dense Clusters with a multitude of related industries and associated organizations and institutions vs to thin and smaller Clusters.
- ❑ Manufacturing-oriented Clusters such as automotive vs more service-oriented Clusters such as financial services.
- ❑ Science-driven clusters vs Clusters in traditional sectors
- ❑ Clusters with strong external linkages and global reach (" hot spot") vs Clusters with a mere regional reach
- ❑ Knowledge based
- ❑ Nature based

CLUSTER DEVELOPMENT PROCESS

- Analyze Local Economy.
- Initial cluster stock take
- Establish Leadership Team.
- Develop Cluster Vision.
- Identify Stepping Stones/ future plans
- Immediate Action Agenda
- Institutionalize the Cluster./ observe sustainability issues
- Upgrading the Strategic Agenda.**

CLASS ACTIVITY 3

Group Assignment (20%)

“Global Economy and Competitiveness”

- a. What is the worldwide social, political and economic impact of the Russia-Ukraine conflict?
- b. What can we learn from the Russian-Ukraine conflict?
- c. What must African countries do now and in the future?

Maximum 5 pages, Deadline: Friday 12th August 2022

NEST SESSION

- Background of Innovation
- Organizing for Innovation
- Types and Extent of Innovation
- Managing Innovations
- The Innovation Process
- Measuring Innovations
- Innovation Outcomes
- Barriers to Innovation