Deanship of Graduate Studies

Al-Quds University

Examining the Competitiveness of the Agricultural Cluster by Creating Shared Value strategy: Evidence from Qalqilya Governorate

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Master Thesis

Palestine

1443/2022

Examining the Competitiveness of the Agricultural Cluster by Creating Shared Value strategy: Evidence from Qalqilya Governorate

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A Thesis Submitted in Partial Fulfillment of Requirements for the Degree of Master of Business Administration / Faculty of Business Administration and Economics / Graduate Studies at Al-Quds University.

1443/2022

Al-Quds University

Deanship of Graduate Studies

Faculty of Business Administration and Economics

Thesis Approval

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Jerusalem – Palestine

1443/2022

Dedication

To my beloved parents

Whose affection, love, encouragement and prays of day and night make me able to get such success.

To my respected teacher Dr. Ibrahim Awad

Your sincere guidance and prudent leadership guided my way clearly to achieve this thesis. You are a great source of inspiration and motivation for me.

To my sweet sisters and brothers

Who light me the way and always support me during my study for the master's degree.

Sahar Mohammad Thwaib

Declaration:

I certify that this thesis submitted for the degree of Master, is the result of my own research, except where otherwise acknowledged, and that this study, (or any part of the same) has not been submitted for a higher degree to any other university or institution.

Signed: 

Sahar Mohammad Ahmad Thwaib

Date: 3/1/2022

Acknowledgment

First and foremost, my limitless thankfulness for God, Almighty Allah, for his endless blessings and for giving me the strength to complete this thesis.

I especially thank Prof. Dr. Ibrahim Awad for his effort in teaching and guiding me to the right way to research, benefit, and learn. Thank you so much for everything.

I convey my special thanks to my loving parents, for their encouragement, patience, and assistance over the years. I am forever indebted to my parents, who have always kept me in their prayers.

I would also like to extend my sincerest thanks and gratitude to my beloved brother and sisters, for their encouragement, and for being there whenever I needed them.

My deep thanks to all of the questionnaire respondents in the agricultural sector in Qalqilya, without whose collaboration I would not have been able to make significant contributions to this study.

I would like to extend my thanks and appreciation to the ministry of agriculture, for their support to facilitate the completion of this study.

Last but not least, I would like to extend my sincere thanks and appreciation to all who have contributed, advised, or guided me to bring this study to the light.

Sahar Mohammad Thwaib

Abstract

This study aims to assess the Competitiveness of the Agricultural Cluster by Creating a Shared Value strategy in Qalqilya Governorate. To achieve the goals of this study, the descriptive-explanatory approach was used, the study population is farmers in the agricultural sector in Qalqilya, which consist of 4400 farmers as Qalqilya agricultural department records show, the survey was applied to the study sample, which consists of 350 farmers, only 175 of which were retrieved.

The researcher prepared a questionnaire as the primary tool to obtain the necessary data for this study, and data was collected, and statistically processed using the SPSS program and the AMOS program for the structural equation modeling SEM. The study reached several results, the most important of which are: the shared value can be created through the cluster and that Creating Shared Value improves the competitiveness of the agricultural sector more than if we relied on enhancing its competitiveness through Cluster directly, meaning that the relationship between Clustering and competitiveness is fully mediated by the Creating Shared Value, which means that the study model proposed by the researcher is reliable and correct. The study shows that the respondent's perceptions toward creating shared value are moderate and that the ability of this sector to compete is moderate, and respondents see that the benefits and results of clustering are also of moderate importance.

Also, the study shows that there is no statistical significance of creating a shared value strategy to improve competitiveness in the agricultural sector in Qalqilya by clustering based on (Gender, respondent work, Academic Qualification, and Work Experience).

In the light of the results of the study, the study recommends the necessity of enhancing Porter's diamond factors (factor conditions, demand conditions, related and supporting industries, firm strategy, structure, and rivalry, government role, chance) for competitiveness by creating the shared value strategy by the cluster to improve the competitiveness of the agricultural sector in Qalqilya because of its importance in developing the Palestinian national economy, and that the government must raise the efficiency and capacity of the institutions (especially public institutions) that working on developing the cluster to develop a healthy and strong cluster and to achieve the desired benefits of clustering.

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Abbreviations

CSV: Creating shared value

CSR: Corporate social responsibility

UNIDO: United Nations Industrial Development Organization

BSS: Brown's Super Stores

R&D: Research and Development

RER: Relative Real Exchange Rate

SEM: Structural equation modeling

SPSS: Statistical Package for the Social Sciences

AMOS: Analysis of Moment Structures

AVE: Average Variance Extracted

CR: Composite Reliability.

CV: Coefficient of Variation

EFA: Exploratory Factor Analysis

CFA: Confirmatory factor analysis

LVs: latent variable

CFI: The Comparative Fit Index

GFI: The Goodness of Fit Index

RMSEA: The Root Mean Square Error of Approximation

Chapter one: Part one - Introduction

1.1 Research background

The agricultural sector is one of the most important and oldest economic sectors in Palestine. The geographical and climatic diversity of Palestine helped produce a relatively wide range of agricultural products. Although the area of Palestine is relatively small and the agricultural areas represent only 31% of the total area of Palestine (Palestinian Central Bureau of Statistics, 2018), but these areas are cultivated with all kinds of vegetables, fruits, and crops. The variation in climate allows agricultural production throughout the year, and because of the distinctive location of Palestine and the succession of many human civilizations on its land, which led to its enrichment of biodiversity where there are many types of natural plants and wildlife (Palestinian Ministry of Agriculture, 2016).

The agricultural sector is one of the important sectors for the Palestinian economy as it contributes 6.1% of the gross domestic product of Palestine and employs about 13% of the total workers (Palestinian Central Bureau of Statistics, 2020),

Despite the importance of this sector, it is well known that the Palestinian agricultural sector is unorganized and faces many problems and obstacles related to natural and environmental problems, technical problems, and institutional and legislative problems. Also, it suffers from many difficulties and challenges related to the occupation practices, such as land confiscation, stealing Palestinian water, and flooding Palestinian markets with Israeli goods (Palestinian Ministry of Agriculture, 2020), which causes the contribution of the agricultural sector to the GDP decrease from about 36% in the mid-seventies to 6.1% in 2020 (Palestinian Central Bureau of Statistics, 2020).

To overcome many of those problems and to enhance this sector and other sectors, the Palestinian government launched the "Clusters Development Plan" in May 2019. The purpose of the clusters plan is to organize the relationships between all parties in the cluster and establish strong relationships with the supporting institutions to integrate all efforts that work to support the development, the cluster offers the space for companies to cooperate and to integrate to develop and increase their competitiveness through a collective and collaborative framework (Palestinian council of ministers, 2019).

Based on the above-mentioned government plan the first cluster that the government launched was in Qalqilya. Through the agricultural cluster in Qalqilya, the government intends to formalize

and empower the relationship between all parties (public and private) in the cluster to integrate all efforts, increase investments, and improve the infrastructure that offers the necessary support for development. Many obstacles can be avoided, and many benefits can be achieved through the cluster (Agricultural cluster development plan in Qalqilya - Ministry of Agriculture, 2019).

In this study, we look forward to providing background information on how to improve the competitiveness of the agricultural cluster in Qalqilya that can raise the economic value of workers and customers. This is necessary to achieve societal value by Creating a Shared Value (CSV) strategy, which is a strategy for achieving investments in long-term business competitiveness that simultaneously address societal and environmental objectives (Porter, 2012).

1.2 Research problem

As aforesaid, the agricultural sector is essential in the Palestinian economy but faces different problems, to develop this sector and reduce its obstacles, the agricultural cluster was established in the region to concentrate the private and government efforts. This cluster has developed in Qalqilya Governorate in May 2019. Qalqilya was chosen because it is one of the most agricultural areas in the west bank, this sector is the main operator of labor in the region, the value of agricultural production in Qalqilya reached about $ 140 million for the 2017/2018 agricultural season, and accounting for 7% of the value of agricultural production in the northern governorates (Agricultural cluster development plan in Qalqilya - Ministry of Agriculture, 2019).

To the best of my thoughts, this study is likely to be the first of its kind that focuses on increasing the economic value, increasing competitiveness, and reducing environmental impact, and increasing societal value together. So, due to the importance of development through clustering and the importance of this vital sector. This study is done to provide a policy of recommendations to policymakers that can improve the competitiveness of the agricultural cluster in the Qalqilya Governorate by creating shared value.

1.3 Research questions

This study is developed to provide answers to the following questions:

Main question:

- How can create a shared value strategy assessing the competitiveness of the Agricultural cluster in the Qalqilya Governorate?

Specific questions:

Several questions arose from the main question:

- What is the average economic value in the Agricultural sector in Qalqilya?
- What is the average societal value in the Agricultural sector in Qalqilya?
- What is the average environmental value in the Agricultural sector in Qalqilya?

1.4 Objectives of the study

Main objective:

The main objective of the study is to examine how can creating a shared value strategy assess the competitiveness of the Agricultural cluster in the Qalqilya Governorate in light of the "development clusters" plan to improve the economic situation.

Specific Objectives:

The specific objectives that drove the research process aim to examine how to enhance the competitiveness of this sector. These objectives are to:

- Creating economic value in the Agricultural sector in Qalqilya
- Creating societal value in the Agricultural sector in Qalqilya
- Creating environmental value in the Agricultural sector in Qalqilya

1.5 Research hypotheses

The study tests the following hypotheses, and the Structural Equation Model " SEM " was used to testify these hypotheses.

Main hypothesis:

H*: Adapting the agricultural cluster by creating a shared value strategy plays a significant role in improving competitiveness.

Specific hypotheses:

1. H1: Cluster has a significant impact on creating shared value in the Agricultural sector in Qalqilya
2. H2: Shared value has a significant impact on improving the competitiveness of the Agricultural sector.
3. H3: Cluster has a significant impact on improving the competitiveness in Qalqilya Agricultural sector.

4. H4: Creating shared value is an intermediate variable in the relationship between competitiveness and the Agricultural cluster in Qalqilya.

1.6 Significance of the study

Practical Significance: This study may help policymakers to make decisions and develop policies and plans to advance the agricultural sector.

Theoretical Significance: This study is likely to add new information to researchers and people interested in CSV strategy to improve competitiveness through clusters in Agriculture or any other field, and this study also may open new research horizons for researchers in this field.

1.7 Scope and boundaries of the study

This study underwent the following boundaries:

1. **Spatial boundary:** This study will focus on the Agricultural sector in Qalqilya.
2. **Temporal boundary**: the data of this study will be collected during the academic year 2020/2021

1.8 Motivations of the study

The study motivations can be summarized as follows:

1. This study enriches scientific research in Palestine because it focuses on CSV which is relatively new not only in Palestine but also worldwide.
2. The importance of the Agricultural sector in Palestine and its need for such a successful strategy to organize it.
3. The need to improve the competitiveness of the Agricultural cluster in Palestine.

1.9 Study model

The model below shows the relationships between the study variable:

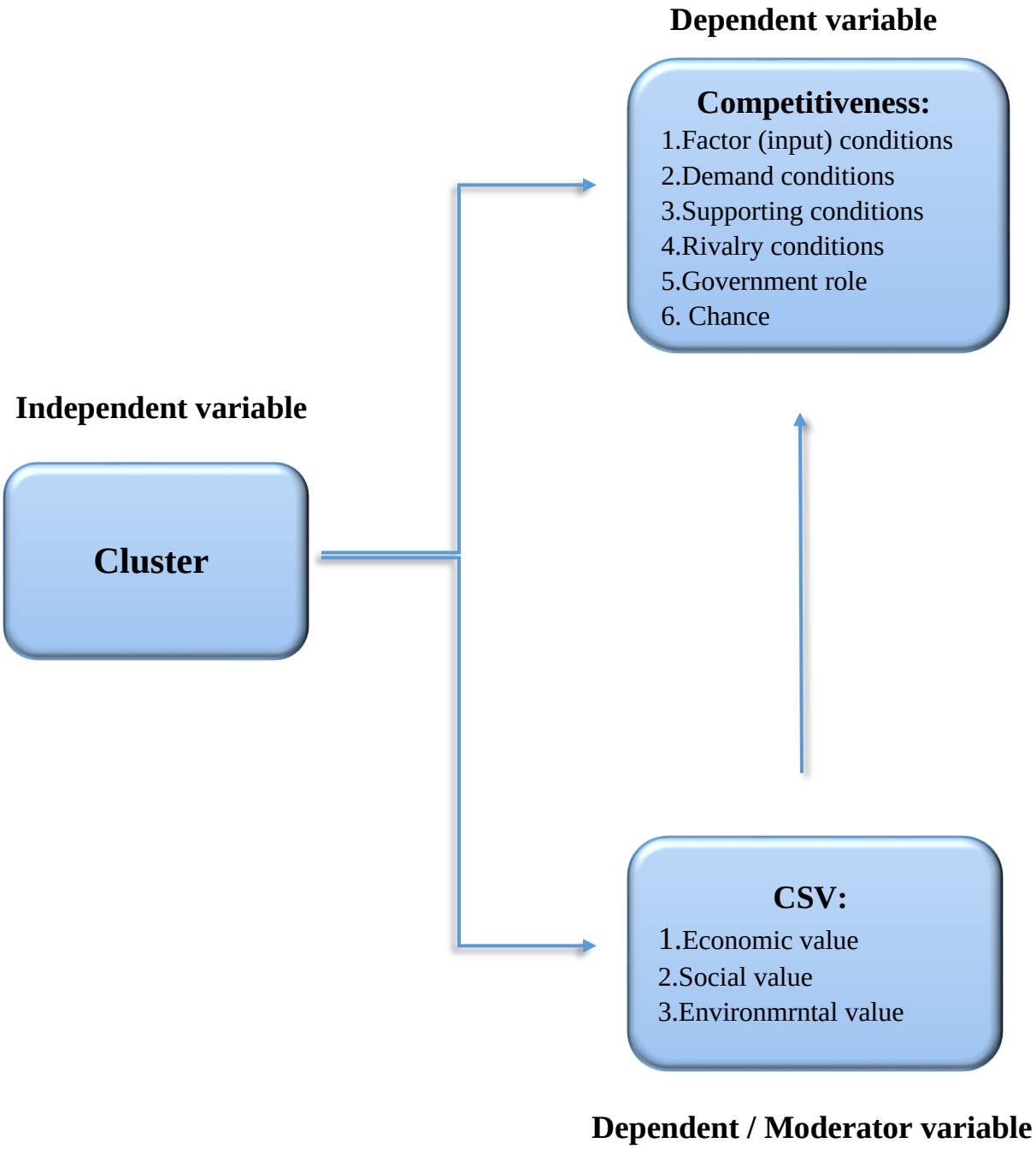

Figure 1.1: The proposed Study Model

Note: the definitions of the study variables included in the study model are available in the Methodology chapter in section 3.8.

1.10 Terminology of the study

Creating Shared Value: is policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates (Porter and M. Kramer, 2011).

Cluster: is a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities (Porter, 2008).

Competitiveness: the set of institutions, policies, and factors that determine the level of productivity of a country, which in turn sets the level of prosperity that the country can achieve (The Global Competitiveness Report, 2017-2018).

1.11 Outline of the thesis

The study contains five main chapters, as follows:

Chapter One: **Part one – Orientation & Part Two - The Agricultural sector in Qalqilya**

Chapter Two: **Theoretical framework & literature review**

Chapter Three: **Research design and methodology**

Chapter Four: **Empirical results**

Chapter Five: **Summary, Conclusions, Policy implications, and further research.**

Chapter one: Part two - The Agricultural sector in Qalqilya

1.2 An overview of Qalqilya Governorate

Qalqilya Governorate is located in the northwestern region of the West Bank, the area of governorate is about 166 square kilometers, with a population of 108,234 people (Palestinian Central Bureau of Statistics, 2018). It suffers from the continuous plunder of its lands by the Israeli settlements, bypass roads, and the Apartheid Wall.

It is targeted by Israel because it is one of the Palestinian border cities adjacent to the Green Line that separates the 1967 and 1948 borders, and the closest city in the West Bank to the Palestinian coast and the Israeli leadership considers it a dagger in the side of Israel.

1.2.1 The Agricultural sector in Qalqilya

Despite the small area of the Qalqilya Governorate but is considered one of the most important governorates in terms of agriculture because of its fertile lands, availability of water sources (gets the largest share of the average annual rainfall), semi-coastal climate, and experienced farmers. It is known for the variation of citrus and fruits and subtropical crops due to its geographical location (Agricultural cluster development plan in Qalqilya - Ministry of Agriculture, 2019).

The area of arable land (suitable for growing crops) in the governorate is about 125,000 dunums, while the cultivated area is about 50% of the total arable land according to the statistics of the Ministry of Agriculture for the 2016/2017 agricultural season (Agricultural cluster development plan in Qalqilya - Ministry of Agriculture, 2019). The income from work in the agricultural sector is high, as the value of agricultural production in Qalqilya Governorate reached about $ 140 million for the 2016/2017 agricultural season, accounting for 7% of the value of agricultural production in the northern governorates (Ministry of Agriculture for the 2016/2017 agricultural season).

1.2.2 Challenges facing the agricultural sector in Qalqilya

The agricultural sector in Qalqilya as in any other governorate faces many problems and obstacles the main one is related to the occupation practices, such as land confiscation, building the apartheid wall, opening bypass roads, stealing Palestinian water, preventing the import of many medicines, and fertilizers, impeding the export of crops and flooding Palestinian markets With Israeli goods.

Also, natural and environmental problems such as shortage of water sources, ignorance in the use of chemicals and pesticides, deterioration of vegetation cover due to overgrazing and random expansion of construction at the expense of agricultural lands, technical problems related to the weak infrastructure for agricultural research, the shortage of laboratories, equipment, and technical capacity, lack of experience in agricultural and food processing activities and marketing capabilities. Finally, institutional and legislative problems such as incompatibility of agricultural laws and legislations related to export and import, imposed tariffs, and the absence of an agricultural insurance system in case of natural disaster (Palestinian Ministry of Agriculture, 2020).

1.2.3 Agricultural cluster in Qalqilya

As aforesaid, the Palestinian government launched the "Clusters Development Plan" in May 2019. The first cluster was the agricultural cluster in Qalqilya with a total budget of 23,194,000 Dollars spread over three years, the cluster's plan aims to organize the relationships between all parties in the cluster and build strong relationships with the supporting institutions to integrate all efforts that work to support the development. The clusters enhance the flow of knowledge, stimulating shared ideas and innovation in both products and business processes, help local firms to access important inputs, such as trained workers, service providers, transportation firms, and specialized suppliers, reduce transaction costs of firms (Albert and Belfanti, 2017) helps companies to cooperate in order to increase their competitiveness (Palestinian council of ministers, 2019).

Referring the agricultural cluster plan of the ministry of agriculture has four strategic goals they are:

1. Enhancing the resilience of farmers in their lands through supporting new university graduates with individual projects and providing financial funds.
2. Sustainable management of agricultural natural resources and adapting to climate changes through installing water lines, underground wells rehabilitation, creation of irrigation units, reclamation and rehabilitation of agricultural lands, and opening agricultural roads.
3. Increasing the production, productivity, and competitiveness of agriculture in the local and international markets and its contribution to the domestic product and overall food security through the cultivation of tropical and fruitful seedlings.

4. Facilitating the access of farmers and entrepreneurs to quality agricultural services commensurate with the needs of the value chain in the agricultural sector through supporting rural women, establishment of a secondary agricultural branch, and support for cooperative associations.

However, this study is developed to provide answers and new background information to policymakers and stakeholders who are interested in this cluster of how they can improve it by creating a shared value strategy, that helps to create economic, social, and environmental value for society and stakeholders.

Chapter two: Theory & literature review

In this study, we will discuss the three main variables: Creating shared value, competitiveness, and clusters, which will be supported by previous studies.

2.1 Competitiveness

2.1.1 Foreword

The world is experiencing rapid growth and change, and the period in which we live is a period in which competition is increasing rapidly at both industry and international levels. The acceleration of liberalization, especially with the removal of the barriers to goods, services, and capital flows, as well as the capacity increases caused by technological improvements, led to an increase in competition within the framework of micro and macro policies and strategies at national and international levels. Not only in terms of price in the world markets, but also based on many structural non-price advantages in the world economy and to have a share of trade flows, and has accelerated the transformation of national competitiveness (Adiguzel, 2019).

And for a business to compete qualified it is important to gain superiority in the field of efficiency, to adapt to the technological changes, to compete, and efforts should be made to get more shares from the markets. In other words, achieving absolute success in the market has evolved directly related to competitiveness.

2.1.2 What is competitiveness?

The Global Competitiveness Report (2017-2018) defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country, which in turn sets the level of prosperity that the country can achieve.

Competitiveness means that individual enterprises, enterprises of a sector, of a region, or a country successfully position themselves in the internal and external market. Competitiveness grows through suitable policies, suitable infrastructure, factors of high-quality production, enterprises (competitive and complementary ones) with efficiency, and competent management. Porter believes that competitiveness should be viewed as the productivity of a company he described it as the ability of citizens to have a better and higher way of living this can happen by continuing product development.

The level of productivity determines the rates of return obtained by investments in an economy, and consequently – the competitiveness of an economy. Also, Productivity is important because it is the main factor driving growth and income levels and income levels are very closely linked to human welfare (Porter,1990).

Rising competitiveness means rising prosperity. So, competitive economies are those that are most likely to be able to grow more sustainably and inclusively, meaning that everyone in society will benefit from the fruits of economic growth (World Economic Forum, 2017).

Accordingly, we conclude that competitiveness means profitability, which can be achieved through high productivity and low cost. The survival and success of organizations increasingly depend on competitiveness and only competitive economies provide higher living standards. At the same time, these economies need to be sustainable, which means meeting the needs of the current generations and safeguarding the resources for future generations.

2.1.3 The dual elements of competitiveness

- **Productivity**: means labor productivity, capital productivity, and total factor productivity. So, it is the level of efficiency in the production process.
- **Labor Utilization**: means the labor force participation rate, it is the measure of the labor hours recorded against production activities, the average labor utilization tells us the overall performance or productivity of the process.

2.1.4 What determines competitiveness?

Competitiveness is influenced by various interrelated microeconomic and macroeconomic factors:

- **Microeconomic competitiveness:**

1. Quality of the business environment: conditions supporting company productivity, and innovation.
2. State of cluster development: a conglomeration of firms, suppliers, and related institutions in each field to enable productivity and innovation.
3. The sophistication of company operations and strategy: skills, capabilities, and management practices enabling companies to attain the highest level of productivity and innovation.

- **Macroeconomic competitiveness:**

1. Sound monetary and fiscal policies.
   - Fiscal policy: public spending aligned with revenues over time.
   - Monetary policy: interest rates, exchange rate, control of inflation.
   - Economic Stabilization: avoiding structural imbalances and cyclical overheating.
2. Effective public institutions.
   - Rule of law: property rights, personal security, the efficiency of the legal framework, and Freedom from corruption.
   - Government institutions: stable and effective public and governmental organizations and processes, sound political system, and government effectiveness.
3. Human and social development: basic education, health care, equal opportunity, and others.

- **Endowments**: including natural resources, geographical location, population, climate conditions, land area, and historical legacy create a foundation for prosperity, but true prosperity arises from productivity in the use of endowments (Porter, 2018) So, endowments influence prosperity but not the underlying productivity (Delgado and Ketels, 2012).

2.1.5 Types of competitiveness

- **Price competitiveness**

Price competitiveness refers to how well exports compare in terms of price. This is affected by several factors, including:

1. **Relative inflation** – even small annual differences can build up over time and become significant.
2. **The relative real exchange rate (RER)** – which is the nominal exchange rate deflated by an index of prices.
3. **Labor costs** – including wage and non-wage costs, such as employer contributions to pensions.

- **Non-price competitiveness**

Non-price competitiveness refers to how well exports of branded goods and services do in overseas markets in aspects of competition not associated with price, such as:

1. Product quality and design.
2. Business Research and Development (R&D), especially new product development.
3. Product reliability.
4. The strength or weakness of 'local' brands.
5. The effectiveness of marketing in overseas markets.
6. Levels of productive and dynamic efficiency of firms.
7. Levels of X inefficiency, including poor management, excessive bureaucracy, and government failures.
8. How effective the economic and political system is in allowing markets to form – are there missing or incomplete markets?
9. Investment in new technology, which helps improve quality and reliability
10. Investment in human capital, which improves skill levels and reduces skill shortages – low skills, and labor shortages, can seriously reduce competitiveness. **(Competitiveness)**

2.1.5 Indicators of competitiveness

The World Economic Forum takes into consideration 12 components – called pillars, each measuring a different aspect of competitiveness and organized into three subindexes, each critical to a particular stage of development. These sub-indexes are the following:

- **The basic requirements** sub-index groups those pillars most critical for countries at earlier stages of development tackle first:
  1. **Institutions:** institutional environment of a country depends on the efficiency and the behavior of both public and private stakeholders. These should be 'sound, honest and fair'. It influences investment decisions and is important for the sustainable development of an economy.
  2. **Infrastructure:** efficient infrastructure is critical for ensuring the effective functioning of the economy as effective modes of transport, energy supplies that are free from interruptions and shortages, and a solid telecommunications network.
  3. **Macroeconomic environment:** stability of the macroeconomic environment is important for business and significant for the overall competitiveness of a country including

sound public finances, and low and stable inflation, so the economy cannot grow sustainably unless the macro environment is stable.

4. **Health and primary education**: A healthy workforce is vital to a country's competitiveness and productivity, health and education are fundamental in today's economy it increases the efficiency of each worker.

- **The efficiency enhancer's** sub-index includes those pillars critical for countries prepared for the transition into more advanced, knowledge-based economies:

5. **Higher education and training Quality**: is crucial for economies that want to move up the value chain beyond simple production processes and products. today's globalizing economy requires well-educated workers who can perform complex tasks and adapt rapidly to their changing environment and the evolving needs of the production system, staff training is also taken into consideration because of the importance of vocational and continuous on-the-job training for ensuring a constant upgrading of workers' skills.
6. **Goods market efficiency:** Countries with efficient goods markets are well-positioned to produce the right mix of products and services given their particular supply-and-demand conditions, as well as to ensure that these goods can be most effectively traded in the economy.
7. **Labor market efficiency:** The efficiency and flexibility of the labor market are critical for ensuring that workers are allocated to their most effective use in the economy and can shift workers from one economic activity to another rapidly at a low cost.
8. **Financial market development:** An efficient financial sector allocates resources and provides a continuous flow of capital to the business, effectively manages financial risk, is trustworthy and transparent, and is highly regulated to protect investors and other actors in the economy at large.
9. **Technological readiness:** The 'readiness' of firms to adopt new technology and the agility with which an economy adopts existing technologies to enhance the productivity of its industries.
10. **Market size:** The size of the market affects productivity since large markets allow firms to exploit economies of scale. In the era of globalization, international markets have become a substitute for domestic markets, especially for small countries. Thus, exports

can be thought of as a substitute for domestic demand in determining the size of the market for the firms of a country.

- **The innovation and sophistication** factors sub-index include the pillars critical to advanced economies countries with the high gross domestic product per capita:

  11. **Business sophistication**: relates to the effectiveness of the overall business networks and the quality of individual firms' operations and strategies, the quality of supporting industries, and advanced business processes.
  12. **Innovation**: firms must keep Continuous innovation design and develop products and processes to maintain a competitive edge and move toward even higher value-added activities.

  Many factors influence competitiveness, today it is not sufficient to invest in physical capital and infrastructure alone. In recent years the good governance, macroeconomic stability, education and training, R&D have become as important as capital and infrastructure investment. So, improving competitiveness requires improving the environment of business.

2.1.6 Using Porter's diamond model for Diagnosing the quality of the business environment

To explain why certain industries within a particular nation are competitive internationally, whereas others might not. Porter argues that any company's ability to compete in the international arena is based mainly on an interrelated set of location advantages that certain industries in different nations possess, if these conditions are favorable, it forces domestic companies to continuously innovate and upgrade. The competitiveness that will result from this, is helpful and even necessary when going internationally and battling the world's largest competitors.

Porter (1998) identified four factors (Diamond Model) as determinants of competitive advantage, he argued that the nation achieves international success in a particular industry because of certain conditions. These conditions are:

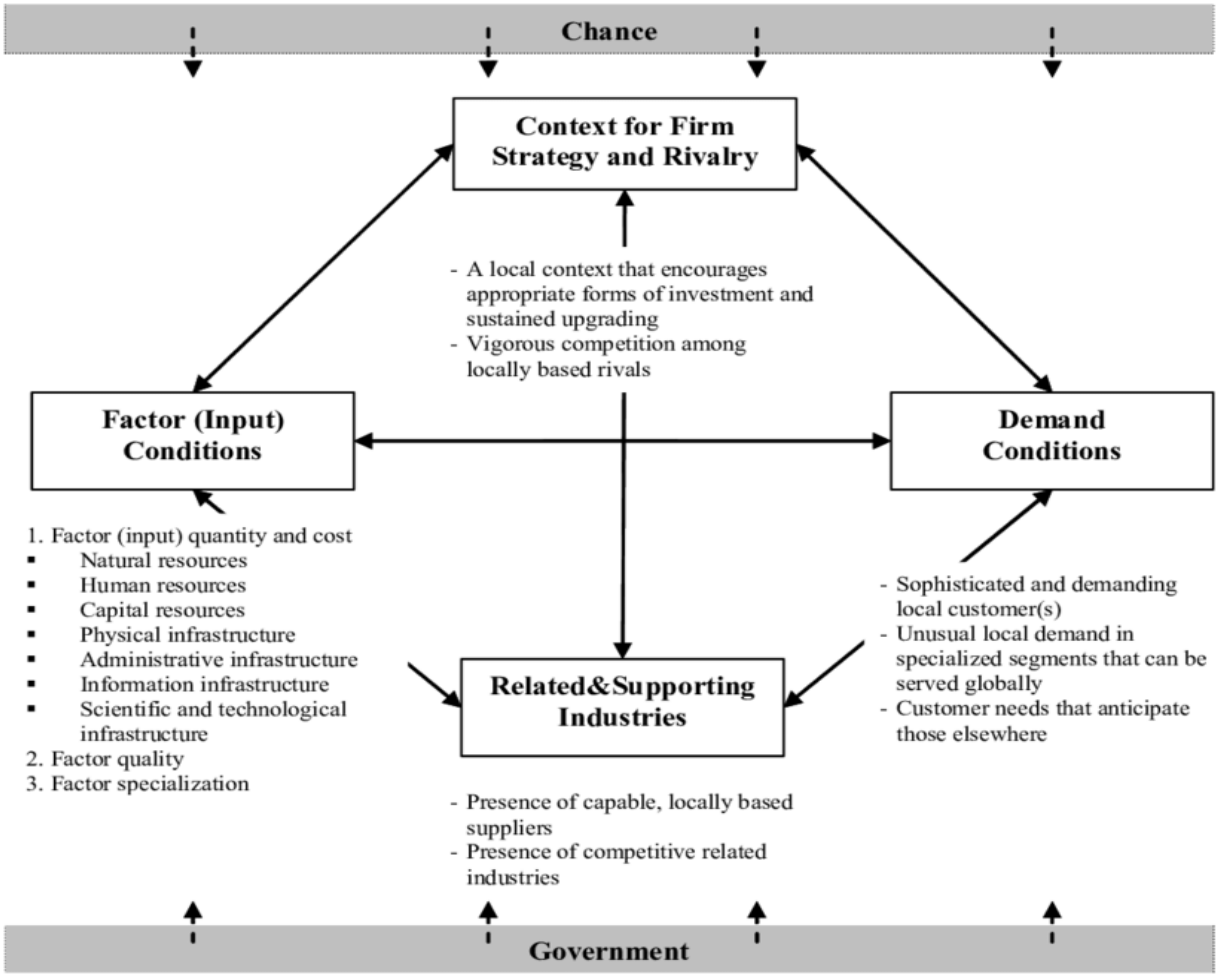

Figure 2.2: Porter's diamond model

Source: Porter, 2018

1. **Factor conditions:** inputs necessary for industry, including the natural, capital, and human resources available necessary to compete in a given industry.
2. **Demand conditions:** the nature of home demand for the industry's products and services. The presence of sophisticated demand conditions from local customers pushes companies to grow, innovate, improve quality and achieve more sustainable competitive advantages than their foreign rivals.
3. **Related and supporting industries:** companies are often dependent on alliances and partnerships with other companies to create additional value for customers and become more competitive. Especially suppliers are crucial to enhancing innovation through more efficient and higher-quality inputs, timely feedback, and short lines of communication.

4. **Firm strategy, structure, and rivalry:** The national context in which companies operate determines how companies are created, organized, and managed, it affects their strategy and how they structure themselves. Moreover, a domestic rivalry is instrumental to international competitiveness, since it forces companies to develop unique and sustainable strengths and capabilities. The more intense domestic rivalry is, the more companies are being pushed to innovate and improve to maintain their competitive advantage.

In addition to the four determinants of competitiveness, there are two indirect factors in the model:

5. **Chance:** the occurrences that have less to do with such external events (war and natural disasters) which can negatively affect or benefit a country or industry. However, it also includes random events such as big reform and breakthroughs that occur as innovation, technology, and knowledge transfer. The discontinuities created by chance may lead to advantages for some and disadvantages for other companies. Some firms may gain competitive positions, while others may lose.
6. **Role of Government:** Porter sees that governments cannot create competitive industries, only companies can do that. Rather, governments should encourage and push companies to raise their levels of competitiveness. This can be done through different means such as policies, strategies, rules, regulations, taxation, etc.

These factors are in response to the organization's internal and external environment in which they operate. They further argue that by addressing societal needs with profitable business models, companies improve their competitive context and strengthen their competitive advantage (Bednarski, 2019).

Dlamini et al. (2014) revealed that the main constraining factors to competitiveness in the agribusiness sector in Swaziland were the unavailability of professional labor, high cost of supplies/inputs, incompetence of public sector personnel, the inefficiency of government bureaucracy, and the small size of the local market that affects productivity since larger markets allow firms to exploit economies of scale. While the enhancing factors to competitiveness were the production of affordable high-quality products, availability of water for industrial and for production, and the costs associated with acquiring unskilled or semi-skilled labor are considered

fair and affordable. But despite these enhancement factors, the agribusiness sector of Swaziland is constrained negatively, and the environment that it operates in is not enabling competitiveness. Additionally, Biuksane (2016) presented the Factors Influencing the Competitiveness of the Latvian Fisheries Sector Cluster. He finds that the competitiveness of this cluster is affected by the availability of production factors and the efficiency of their usage, various internal and external social, economic, political, natural, and cultural environmental factors (including random events), and the ability to adapt them, cooperation and formation of mutual interaction and cooperation forms and relationship among affiliated companies and support infrastructure spheres.

Moreover, Thanh et al. (2021) explored that both internal factors and external factors have a significant impact on a firm's competitiveness for small and medium enterprises (SMEs) in an emerging economy like Vietnam, results showed that in the context of international integration in emerging economies, for SMEs to improve their competitiveness for both domestic and international markets, internal factors are the most critical drivers while external factors play as a motivator for firm's competitiveness improvement. And that intangible assets are the most important factor, followed by flexibility, the pace of innovation, human capital, firm size, and CSR. And that SMEs can achieve competitiveness from clustering, clustering can benefit firms by providing access to larger markets, shared networks, and firms are encouraged to be more innovative because there are rivalries firms in the clusters too.

2.2 Creating shared value

2.2.1 Foreword

Recently, the business is seen as a major cause of social, environmental, and economic problems and stakeholders are increasingly concerned with the social issues arising from the process of maximizing profits by companies in today's business environment, this push companies to address societal issues proactively to satisfy the increasing demands of their stakeholders and engage in strategies to create both sustainable, long-term economic and societal value.

Porter and Kramer (2011) argue that it is meaningful to redefine the role of the corporation in the modern economy and think about how to integrate the benefits that they generate with social benefits, because only the companies who understand the interdependence between business and society, can compete in this new world. So, they came up with the concept of Creating Shared Value, according to which companies can use business thinking to solve societal problems in profitable ways and create value for society.

In this section, I will talk in more detail about this concept that will be supported by previous studies.

2.2.2 What does creating shared value mean?

Michael Porter and Mark Kramer in 2011 presented a concept: Create Shared Value. Creating Shared Value is not about corporate philanthropy or sharing the value that was already created by companies. Instead, it is about "expanding the total pool of economic and social value". It is a new way to achieve economic success. It is not at the border of what companies do, but at the center of their strategy. Shared value involves creating economic value that also creates value for society by addressing its needs and challenges, it relies on understanding how a strategic focus on social issues may create a sustainable, long-term view where both economic and social values are created (Porter and Kramer, 2011). See the figure below:

Figure 2.1: Creating shared value

Source: Bockstette and Stamp (2011)

Creating shared value is defined as the policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. It focuses on identifying and expanding the connections between societal and economic progress (Porter and Kramer, 2011).

Spitzeck and Chapman (2012) defined CSV as a differentiation strategy that creates business value by tackling social issues or converting social issues into tangible business opportunities. Bednarski (2019) indicated that a company's competitive advantage is enhanced by addressing social issues to reveal new business opportunities, where stakeholder management and partnerships play a key role in the process of value creation, as they can influence the success or demise of CSV implementations.

In addition, Mena and Zelaya (2013) explored how CSV can contribute to the educational sector in a developing country through social impact organizations. They find that organizations working in the educational sector by providing financial products and services that help students to access education programs, those organizations create and maximize value for society.

2.2.3 How to create shared value

Ways to create shared value are classified as follows:

- **Reconceiving products and markets**
  By meeting the societal needs of underserved markets, often requires redesigned products of different distribution methods, in which these requirements can trigger fundamental innovations of the products (Porter and Kramer, 2018). Companies can also meet social

needs while better serving existing markets, accessing new ones, or lowering costs through innovation (Bockstette and Stamp, 2011). Reconceiving products and markets focus on revenue growth, market share, and profitability that arise from the environmental, social, or economic development benefits delivered by a company's products and services (Porter and Pfitzer, 2012).

- **Redefining productivity in the value chain**

  By accessing and using resources, energy, suppliers, logistics, and employees differently and more productively. Companies can improve the quality of inputs and distribution while they simultaneously act as responsible for essential natural resources and drive economic and social development (Bockstette and Stamp, 2011). The value chain depicts all the activities a company engages in while doing business, and when societal progress and productivity in the value chain are congruent, the shared value is far greater than traditionally believed (Porter and Kramer, 2018).

  Creating shared value from redefining productivity in the value chain focuses on improvements in internal operations that improve cost, input access, quality, and productivity achieved through environmental improvements, better resource utilization, investment in employees, supplier capability, and other areas (Porter and Pfitzer, 2012).

- **Enabling local cluster development**

  Companies do not operate in isolation from their surroundings, the success of each company is affected by the supporting companies and the surrounding infrastructure (Porter and Kramer, 2018). To compete and thrive, they need reliable local suppliers, a functioning infrastructure, an effective legal system, and improving the local operating environment by supporting skill development and capacity-building (Bockstette and Stamp, 2011) and this can be achieved through clustering which plays an important role in the success and growth of the regional economies and increasing productivity, and competitiveness. So, when a firm builds clusters in its key locations, it can amplify the connection between its business success and community success which resulted in a positive cycle of economic and social development (Porter and Kramer, 2011).

  Despite the business, social and environmental benefits that resulted from CSV the concept is still new and unfamiliar in Palestine. The agricultural cluster consists mostly of small and medium enterprises and they may not accept the idea of CSV, but the cluster can facilitate this problem. So, that clustering is a must for CSV. Additionally, clusters

have many benefits that can encourage companies to be involved in the cluster's activities, which contributes to CSV.

2.2.4 The building blocks of creating shared value

Each firm should have a unique CSV, depending on its strategy, context, and competitive position and the way a company`s particular business and strategy intersect with social issues, translating the idea of creating shared value into action requires a thorough effort that extends across a company. To do so, special attention should be given to the vision, strategy, delivery, and performance for successfully adopting this approach (Bockstette and Stamp, 2013).

1. **Vision:** Creating shared value must be at the core of the company's vision. So, CSV is not at the border of what companies do but must be at the center of their strategy.
2. **Strategy:** Develop a robust strategy that identifies a clear focus and articulates ambitious goals to create shared value, a good strategy should be tailored to reflect a company's unique positioning, capabilities, competitive landscape and identify social challenges that represent cost-reduction or growth opportunities, and prioritize the areas and issues where it is best placed to act. Also**,** Goal-setting is an essential management tool for creating shared value, it focuses activities, creates and sustains momentum, and provides a basis for internal and external accountability.
3. **Delivery:** Manage delivery to leverages assets and expertise from inside and outside the company. A range of assets is leveraged to address the issue including cash, goods, and services, the skills of employees, and political and business influence.
4. **Performance:** Management for performance that seeks to measure and learn from results, bring successful efforts to scale, and communicate progress internally and externally.

Adopting shared value creation in a company is likely to require a full change process. And when engaging in such strategy three common lessons can be identified:

- **Companies should work from the inside out and the top down:** Creating shared value requires a redirection of how the company understands its relationship with society, first firms identify a vision and direction, then work to build that into its structure. And to be successful, the company must persuade top managers to incorporate shared value goals into the planning and execution of their work.

- **It takes time to embed a shared value approach:** Companies need many years to integrate the idea of CSV into their operations. Creating shared value requires energy, patience, and hard work to be achieved
- **The process requires change managers more than program managers:** The primary emphasis is on facilitation and change management. This requires a new skill set that is responsible for implementing change.

It is not so easy for companies to adopt CSV because this step requires many changes in the company's structure and activities. So that most of the companies are still hesitant to take part in such a strategy. However, companies should realize that implementing a shared value approach is an opportunity not only to contribute to good works, but also to redefine core business strategies, and create value for owners and society.

2.2.5 The benefits of shared value

Socially and environmentally, shared value can vastly improve the conditions in which we live advancing community health, education, employment, service access, participation, and helping to conserve our lives and wild environments.

The economic benefits afforded by shared value are:

1. Self-sustaining purpose and profitability.
2. Stronger brand equity and marketability.
3. Increased customer preference and loyalty.
4. Higher advocacy, retention, and productivity among employees.
5. Resilience against external business threats.
6. Regained credibility among a disillusioned public.
7. Enhanced or sustained interest from like-minded shareholders and investors.

2.2.6 Creating shared value across three dimensions

Creating shared value is an opportunity to achieve sustained business success through three dimensions:

- **Economic value:** created economic value for its employees, suppliers, customers, communities in which it operates, governments, and investors. We identified the salaries awarded to all the people employed in the industries, tax revenue for governments, interest for investors, and profit for shareholders. The sum of these values is referred to as economic capital.
- **Social value:** creating a positive social capital includes value related to the knowledge and skill development of employees and their salary development and products development which affect the lives of millions of people
- **Environmental value:** business activities have a degree of impact on the environment and natural resources, it has the opportunity to generate positive value through its products which help reduce negative impacts and increase positive impact (AkzoNobel report, 2016).

This study aims to enhance agricultural clusters to add economic, social, environmental value to the cluster by CSV to improve the competitiveness of the sector.

2.2.7 Corporate Social Responsibility (CSR) vs. Creating Shared Value (CSV) - What's the difference?

Historically, companies interacted with society through philanthropy which started as simple donations to good causes evolved to the strategic investment of a business's greater resources and core competencies to address social or environmental issues – what many call CSR. Porter describes corporate philanthropy and CSR as fundamental building blocks for shared value but "shared value is different because it has the magical property of scalability". The greatest distinction between shared value and CSR is that shared value is not on the margin of what companies do but at the center. It is important to understand these distinctions because doing so enables us to consider more intelligently the ways businesses can create value for society (Noland, 2013).

CSV is policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates (Porter, 2012). It is a readjustment of the company's overall operations to create new

value and achieve sustainable development, it is long-term potential for a company's profitability and competitive position in the market (Oida, 2018). The CSV concept places social and environmental issues at the core of business operation (Porter and Kramer, 2011).

CSR is practices and policies undertaken by corporations that are intended to have a positive influence on the world and to satisfy stakeholders' needs and maintain the firm's reputation (Taghian et al, (2015). Also, CSR is based on being responsible, philanthropy, and doing good for society, its impacts are too reactionary and cursory to make a significant impact in improving either society or the company's earnings potential. So, CSR is a short-term remedy that is hard to justify in the long run (Oida, 2018). CSR is typically action under external pressure, companies often try to manage their impact on society and the environment after their business processes are in place. Therefore, CSR often remains at the periphery of business operation (Porter and Kramer, 2011). CSR is generally successful in achieving project efficiency and client satisfaction but it does not necessarily lead to business success and facilitate future growth and development of the firm (Awale, 2014).

Although both CSR and CSV are based on the same concept - doing good by doing well, but *CSR is about responsibility, while CSV is about creating value* (Kramer, 2011). According to CSV's line of argument, firms are therefore proactive and driven internally, while according to the CSR perspective, firms are responsive and driven externally (Wójcik, 2016).

In this study, we focus on the CSV concept as a strategy that helps to create a new and long-term competitive advantage for companies to help increase the prosperity of society and not only to be socially responsible. The difference between the CSR and CSV concept will be considered in this study, which is relatively necessary to develop a new strategy in Palestine.

2.1.8 Criticisms of Creating Shared Value

Crane et al. (2014) point out four big problems with CSV of businesses, as shown below:

1. **It is not original.**

   Stuart Hart calls CSV "intellectual piracy" an old idea in a new bottle with porter's name in it.

   Porter and Kramer also fail to acknowledge that their ideas on the simultaneous creation of social and economic value for multiple stakeholders have already been well-developed in the

existing literature. It's just that some people call those practices "strategic CSR", "social innovation" or "stakeholder management".

2. It ignores the conflict between social and economic goals.

The CSV concept suffers from a failure to deal with trade-offs between economic and social value creation, and with any negative impacts on stakeholders. Porter and Kramer claim to 'move beyond' any such trade-offs.

3. It is naïve about business compliance

The authors say ignore all the occasions when firms harm people or the environment, and Just getting firms to respect the spirit of the law in paying their fair share of taxes or respecting international labor standards across the globe would be a much better way of re-legitimizing business.

4. It is based on a shallow conception of the corporation's role in society

CSV is supposed to be about "reshaping capitalism" but in reality, it is just more of the same of all the things that have given capitalism such a bad name a blind focus on individual corporate self-interest. It will help solve some social problems and will make some firms, and some stakeholders better. We need a willingness from firms to engage in collaborative responses with other stakeholders to solve the problems that need solving, not just those that can be picked to make fast profits and gains.

Many authors (Pfitzer, 2013; Wojcik, 2016 and Nicholson, 2017) argue that the largest concern surrounding CSV is its lack of measurability, there is no commonly accepted approach and a universal system exists to measure CSV since the CSV framework is still in its infancy, it will take time to develop a methodology and test the results.

Porter (2011) argues that shared value measurement should have in mind the strategy of the company. This way, the measurement of shared value should be made based on the social issues the company decided to target, and all the results should be analyzed to create additional value. So, the measurement of the CSV concept depends on the company's strategy and there is no common approach to measure it.

Despite these criticisms, the CSV is still considered an important strategy to achieve social, economic, and environmental value for society. And this confirms that this strategy deserves to be adopted for developing business strategies so that there are successful stories of international corporate experiences with this concept.

2.2.9 Practical cases related to international companies with CSV

Examples of successful corporate experiences with creating a shared value approach:

2.2.9.1 CSV at Novartis

Novartis is one of the largest multinational pharmaceutical companies in the world based in Switzerland, they saw a shared value opportunity in selling their pharmaceuticals in rural India, where 70% of the population lives. The obstacle was not the prices they charged but the social conditions in the region: a chronic lack of health-seeking behavior in the community, healthcare providers with virtually no healthcare training, and tens of thousands of local clinics without a reliable supply chain. Through a shared value, Novartis saw these social problems as business opportunities: they hired hundreds of community health educators, held training camps for providers, and built up a distribution system to 50,000 rural clinics.

For Novartis, the result was an entirely new business model that is essential to their future. In the coming decade, emerging markets with similar challenges are predicted to account for 75% of the growth in global pharmaceutical sales. For 42 million people in India, the results are accessible to a vastly improved level of healthcare that neither government nor NGOs were providing (Novartis annual report, 2017).

2.2.9.2 Brown’s Super Stores

Brown’s Super Stores is an American supermarket chain. In 2004 formulated a business model in which the objective and opportunity are the USA regions known as food deserts, with 25 million people of potential customers. These regions have populations with nutritional problems (obesity, diabetes...) and social problems (unemployment, high crime rates...) to operate in these regions and make them economically viable, BSS focused on three key points: Changing the traditional role of supermarkets, optimization of the product being offered, making people feel

like home and adjusting the operative model of stores to minimize the costs without reducing the quality or the wages In 2013, the 6 stores following this model (called ShopRite), employ more than 1000 people and they have achieved an income of 250 million $ (Marsé et al, 2014).

2.2.9.3 CSV at Nestlé

Nestlé is the greatest food and agriculture company in the world, with more than 339000 employees all over the world. From its position as a market leader, it has bet on the creation of shared value throughout all long the productive chain, like a manner of achieving long-term benefits for its shareholders as well as for the whole society in general. For such purposes, it has been focused on these areas: nutrition, water, rural development, and the health and welfare of employees. In this last field, we should remark two projects. The first one is the Welfare Plan that was launched in Nestlé offices in Esplugues del Llobregat (Barcelona) last July 2011, gather an ensemble of initiatives going after the creation of a favorable labor environment by giving employees some knowledge within the fields of nutrition, postural workshops, motivation for regular practice of exercise and yoga classes. The other project is carried out in Cameroon, where they have a long-term plan in which the aim is to eradicate malaria affecting employees (Marsé et al, 2014).

In 2014, it supported the livelihoods of thousands of smallholder farmers in South Sudan to emerge from poverty by helping them become commercial beekeepers, through the Sweeter South Sudan program which provides rural smallholders with the opportunity to generate additional income through honey production, it created a commercial efficient value chain for honey by training farmers, organizing networks and guaranteeing a market for honey at fair prices. They help 35000 farmers become commercial beekeepers by 2017 and are expected to have an impact on more than 20000 people locally (Nestlé report, 2016).

When any company starts to implement any strategy, it needs to know what investment is required and what awarded is achievable. As mentioned in the above examples all companies start in implementing shared value creation by making huge investments but this ends with a lot of benefits such as an increase in sales and incomes.

2.3 Clusters

2.3.1 Foreword

Nowadays, many discussions are made regarding finding new ways and forms of economic development adjusting to the world economy's liberalizing and global tendencies. The best world experience recommends new forms of development at the regional level in a type of cluster (Terziu, 2014). Today's economic map of the world is dominated by clusters. Clusters are a striking feature of virtually every national, regional, state economy, especially in more economically advanced nations (Porter,1998). It is a new way of organizing the economy, it can help enterprises, particularly SMEs to stay competitive in an increasingly global competition. The clusters have a significant potential for technology transfer, dissemination of innovations, resource sharing, marketing, market expansion, which makes them a useful instrument for enterprise development, improvement of competitiveness of participating firms, creating jobs, and promoting the marketing of the local products and services (Szabo, 2016).

2.3.2 What are clusters?

Clusters are defined by the UNIDO as the local conglomeration of companies that produce and sell a range of complementary or associated products in a certain sector or its related branch.

A cluster is a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities. The geographic scope of a cluster can range from a single city or state to a country or even a network of neighboring countries. Porter describes a cluster as a network of firms in which the participants compete in a horizontal and cooperate vertically, this competition and cooperation lead to an overall competitive advantage for the cluster participants against rivals located outside the cluster (porter, 2008).

Clusters, regional concentrations of economic activities in a set of industries related through different types of linkages and spill-overs, emerge in response to the benefits they provide to companies. Companies already located there have a higher likelihood to grow, and companies that are looking for a location are more likely to pick a cluster as their base (ketels, 2017).

Lyon and Atherton (2000) and Porter and Kramer (2011) shared the same business view of clustering, clustering is a strategy for extending the capabilities, resources, and responses to levels

that would not be achievable as an individual firm and no company can stand on its own, because its success will always be influenced by the supporting entities, therefore productivity and innovation depend on the cluster's development.

As aforesaid, cluster means a system of interconnection between private and public sector consists of a group of companies, suppliers, service providers, education institutions, financial institutions, and various government entities linked by externalities and complementarities. Cluster facilitates the access of those participants to resources, suppliers, information, and innovations.

2.3.3 Clusters main characteristic

Clusters have the following main characteristics:

- Geographically concentration of the interconnected firms, these entities are linked by externalities and complementarities of different types and is usually located near each other.
- A critical mass of members both resources as well as competencies, members of the clusters need to have considerable capabilities to achieve the overall goal and resounding success.
- There is a need and capability to have existing interaction and cooperation among the firms (Szabo, 2016).

2.3.4 How clusters affect competition

In our economic competitiveness depends on productivity. Productivity means how the firms compete in particular fields. Companies can be highly productive in their industrial branch if they use sophisticated technology, production methods, and offer unique products and services.

According to Michael Porter clusters affect competition in three ways:

1. it increases the productivity of single firms.
2. it accelerates the innovation process.
3. it stimulates the process of new business formations increasing the overall strength of the cluster (porter, 1998).

2.3.5 The Benefits of clusters

Being part of a cluster provide companies with many benefits:

1. Better access to suppliers.
2. Create jobs.
3. More access to specialized information.
4. Creation of complementarities.
5. Access to institutions and public goods.
6. Better motivation (Szabo, 2016).
7. Helps cities and counties direct their economic development and recruiting efforts.
8. Encourages communities to refocus efforts on existing industries.
9. Help attract foreign investment.
10. For small and developing businesses, located in a cluster near competitors and related industries may aid the firm in faster growth, recognition, and status within the market.
11. Economies of scale can be gained by group purchasing within the cluster.
12. Linked supply chain networks can naturally be created within a tightly linked cluster (Clusters**).**

Clusters represent a new way of thinking about location, challenging how companies should be configured, how institutions such as universities can contribute to competitive success, and how governments can promote economic development and prosperity. It creates an environment, which enables local specialized companies to develop their competitive skills, to serve broader markets, frequently to the global ones and globally expands many industries, and enables the creation of networks between the companies (Porter, 1998).

So, cluster in many countries regardless of the level and circumstances of economic development has become a promoter of economic development (Popkova, 2018).

Koziol (2011) presented that clusters have spectacular effects and help to push forward the growth and development of regional economics, the related businesses gather in one area produce the same or homogeneous products their aggregations come into being economics of scale this will help to decrease the costs and absorb more clients, promoting competition strength of cluster enterprises, advancing the specialization of the sector production and increasing the incomes of the workers.

Also, Derlukiewicz et al. (2020) show that the clusters contribute to smarter and sustainable development by succeeding in technological and scientific results, developing new technologies for emerging industries, creating new business activities, enticing major technology companies, and connecting local firms into world-class value systems. Furthermore, the clusters participate actively in sustainable development as they promote knowledge creation, joint learning, technology transfer, as well as collaboration, and sustainable innovations. Functioning in-network allows the use of highly specialized knowledge that is not available directly on the market. position.

Many authors (Mena and Zelaya, 2013; Foghani, Mahadi and Omar, 2017; Sultan and Dijk, 2017) indicated that clustering can help entities to increase productivity which results in creating employment opportunities and income for the overall national economy.

2.3.6 The relationship between CSV, competitiveness, and clusters

Marsé et al, (2014) confirm that the competitiveness of a company and the health of the community in which it operates are strongly linked. Companies require a community to be able to create demand for their products as well as a favorable environment and community require companies to face the needs and challenges of society. Therefore, companies have to reconnect their businesses with social progress. And the concept of CSV is the appropriate strategy to achieve this through clustering which is a key point by the time of generating shared value.

By clustering together firms can pull from a common and accessible pool of resources, information, and demand for innovation to enhance competencies and create a competitive advantage to compete globally (Niu, 2012). Also, clusters play an important role in regional development, because they create jobs, increase employment, wages, promote the marketing of local products and services (Szabo, 2016), increasing the sustainability and competitiveness of regional industry (kesyan, 2018).

According to Awad and Amro (2017) presented that there is a unidirectional causal relationship between performance improvements and achieving competitiveness and also reveal that clustering can achieve competitiveness for small- and medium-sized enterprises. clustering is one of the paths to the enhancement of companies' competitiveness and within clusters, companies

gain a competitive advantage over other companies because they can benefit from the resources of the cluster and cluster relationships that exist between parties within clusters. So, there is a positive and direct relationship between the application of the concept of clustering and the achievement of competitiveness.

Furthermore, Quaye and Mensah (2017) found that there is a significant relationship between factors of the product (specialized equipment and labor), horizontal networking (information sharing and joint action), vertical networking (suppliers, customers, and public/private institutions) and innovation and competitive advantage and that it is difficult for micro-firms to survive without support from other industry firms. So, to survive and remain competitive in the market, small firms must establish network ties with other firms in their locality owing to the competitive advantage through resources sharing and skills transfer, in other words through clustering.

Many authors argue that CSV improves the competitiveness of clusters more than if we relied on enhancing competitiveness through clusters directly.

Al-Natshe (2020) reached the result that the shared value can be created through the cluster and that CSV improves the competitiveness of the stone and marble sector more than if we relied on enhancing its competitiveness through Cluster directly, meaning that the creation of the shared value is an intermediate variable to improve competitiveness.

Awale and Rowlinson (2015) mentioned that some industries such as construction businesses have social and environmental challenges, particularly health and safety issues, manpower shortage, waste, and landfill problems, which pose significant constraints to the continued growth of the firms. In such a situation firms can embrace and adopt a ‘Creating Shared Value’ (CSV) concept to address the social and environmental issues and achieve long-term competitiveness, companies can improve their strength through a distinctive structure of relationships with employees, customers, suppliers and through cluster which emphasizes on the enhancement of related and supporting companies and institutions in the location where the company operates to achieve competitive advantage.

Additionally, Albert and Belfanti (2017) argue that CSV strategy can be developed within a cluster initiative and that the cluster initiative was able to adopt a collective–impact approach, implementing the elements needed in its ecosystem to create share value. Clusters enhance the flow of knowledge, stimulating shared ideas and innovation in both products and business processes, help local firms to access important inputs, and tend to facilitate collective action through local industry associations or public-private partnerships.

Chapter three: Research design and methodology

3.1 Introduction

The chapter describes the methodology applied in the study such as study population, sample size, study method, data sources, study tools, model, and data analysis. Research methodology depends on the analysis of data and the use of a descriptive-explanatory approach, which depends on the poll using (SPSS) And (Amos) software for statistical analysis.

3.2 Research method

This study used the descriptive-explanatory approach, Descriptive research is undertaken to ascertain and be able to describe the characteristics of the variables of interest in a situation. The goal of a descriptive study is to offer the researchers an accurate profile of events, persons, or situations or to describe relevant aspects of the phenomenon of interest from an individual, organizational, industry-oriented, or another perspective. The emphasis in explanatory research is to study a situation or a problem to explain the relationships between variables (Saunders et al, 2016). In this study, the descriptive analytical approach aims to describe and investigate how to improve the competitiveness of the Agricultural cluster in Qalqilya by creating a shared value strategy and the explanatory research will explain the relationships between these variables.

3.3 Data sources

To achieve the research objectives, two essential data collection sources were used, which are:

1. Primary sources: Information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study (Saunders et al, 2016). The study collected the primary data through a questionnaire as the main tool, that was designed to meet the research objectives. The questionnaire was distributed to a sample of (175) out of the population of agricultural operators.
2. Secondary sources: Information gathered from sources that already exist (Saunders et al, 2016). Secondary data can be obtained from several sources such as textbooks, journals, theses, articles, reports, and some previous studies.

3.4 Study tools

3.4.1 Questionnaire

The questionnaire is a preformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives (Cooper and Schindler, 2014).

After reviewing the literature and reading previous studies, the variables of the study that the questionnaire will be developed depending on it were determined, the questionnaire is the main tool to obtain and collect primary data that help to achieve the objectives and answer the questions of the study. The developed questionnaire was designed in both Arabic and English and sent to the arbitrators, then it was modified based on the arbitrators' recommendations to be distributed to the study population.

3.4.2 Development of the questionnaire

Questionnaires can be used for both descriptive and explanatory research. In descriptive research, questionnaires help to identify and describe the variability in different phenomena. While in explanatory research, questionnaires help to examine and explain relationships between variables (Saunders et al, 2016).

In this study, we use a questionnaire because it is one of the most widely used data collection methods within the survey strategy, each respondent is asked to respond to the same set of questions, which provides an efficient way of collecting responses from a large sample.

The questionnaire consists of five sections:

The first section relates to the respondents' file: socio-demographic variables (gender, respondent type, age, academic qualification, work experience, workplace) and it consists of 6 questions.

The second section relates to creating shared value in the agricultural sector and it contains three dimensions: economic value, social value, environmental value, and it consists of 25 questions.

The third section relates to the agricultural cluster’s competitiveness and it contains six dimensions – Porter diamond model, and it consists of 36 questions.

The fourth section relates to the agricultural cluster’s benefits, it consists of 15 questions.

In the second, third, fourth sections the elements were measured by using the Likert scale, the answer scale and weights were given as follows:

Table 3.1: Paragraphs' answer scale and weights

Answer scale	Always	Often	Sometimes	Rarely	Never	Don't know
Weight	5	4	3	2	1	9

The fifth section: is developed to measure the quality of the questionnaire, it consists of 5 questions.

3.4.3 The survey administration

This study is a descriptive-explanatory study in which the researcher uses quantitative methods for collecting data using questionnaires. The questionnaire is the main tool to collect data from the study population, (350) questionnaires were distributed to the study sample but (175) questionnaires were retrieved.

In this study, in-person interviews (Face-to-face questionnaires) were adapted, which is a data collection method where the researcher is in the same location as the participant and asks questions to which the participant responds, this method was used because the study population consisted of people who need some explanations while filling out the questionnaire.

3.4.4 Reliability and validity of the study tool

We need to be reasonably sure that the instruments we use in our research do indeed measure the variables they are supposed to, and that they measure them accurately. The Characteristics of Good Measurement tool should be an accurate counter or indicator of what we are interested in measuring. In addition, it should be easy and efficient to use. Major criteria for evaluating a measurement tool: validity and reliability (Saunders et al, 2016; Cooper and Schindler, 2014).

The process entails the evaluation of indicator reliability, internal consistency reliability, discriminant validity, and convergent validity. Composite Reliability (CR) and Cronbach

alpha presented in Table 3.3 were both utilized to measure internal consistency and indicator reliability of the reflective constructs, as suggested by Nunnally and Bernstein (1994).

The CR appraises the degree to which a set of individual variables in a particular construct offer in their estimation of a construct.

Recommended value of CR is 0.6 and above, which the constructs here achieved (Fornell & Larcker, 1981; Hair, Black, Babin, & Anderson, 2010; Henseler, Ringle, & Sinkovics, 2009). This means that the overall reliability of the variables which are heterogeneous but similar items under each construct was achieved. Therefore, the result indicated that there is a mutual relationship or connection between each indicator with the composite (construct factor).

Table 3.2 presented the result of the manifest items' factor loadings which all achieved factor loading above > 0.4.

Average Variance Extracted (AVE) was used to assess the convergent validity. It determines the level at which a group of variables stands for the same construct, which was achieved as shown in Table 3.2. Dillon and Goldstein (1984) cited that AVE above 0.40 shows that both construct and individual variables have high validity. Hence, the latent constructs were explained by their observed variables.

Table 3.2: Factor loading Results

Creating shared value (CSV)		**Competitiveness**		**Clustering**	
Items	Factor loading	Items	Factor loading	Items	Factor loading
CSV1.1	.549	Competitiveness 1.1	.666	Clustering1	.800
CSV1.2	.636	Competitiveness 1.2	.645	Clustering2	.826
CSV1.3	.571	Competitiveness 1.3	.678	Clustering3	.732
CSV1.4	.742	Competitiveness 1.4	.776	Clustering4	.662
CSV1.5	.587	Competitiveness 1.5	.701	Clustering5	.669
CSV1.6	.560	Competitiveness 1.6	.586	Clustering6	.769
CSV1.7	.637	Competitiveness 1.7	.653	Clustering7	.704
CSV1.8	.545	Competitiveness 1.8	.804	Clustering8	.656
CSV1.9	.604	Competitiveness 1.9	.680	Clustering9	.735
CSV1.10	.609	Competitiveness 1.10	.572	Clustering10	.808
CSV1.11	.615	Competitiveness 2.1	.688	Clustering11	.837

CSV2.1	.719	Competitiveness 2.2	.646	Clustering12	.801
CSV2.2	.774	Competitiveness 2.3	.859	Clustering13	.769
CSV2.3	.614	Competitiveness 2.4	.697	Clustering14	.759
CSV2.4	.688	Competitiveness 2.5	.596	Clustering15	.813
CSV2.5	.790	Competitiveness 2.6	.841		
CSV2.6	.795	Competitiveness 2.7	.717		
CSV2.7	.674	Competitiveness 2.8	.828		
CSV3.1	.813	Competitiveness 2.9	.811		
CSV3.2	.743	Competitiveness 3.1	.742		
CSV3.3	.560	Competitiveness 3.2	.751		
CSV3.4	.752	Competitiveness 3.3	.686		
CSV3.5	.852	Competitiveness 3.4	.763		
CSV3.6	.808	Competitiveness 4.1	.724		
CSV3.7	.605	Competitiveness 4.2	.698		
		Competitiveness 4.3	.711		
		Competitiveness 5.1	.718		
		Competitiveness 5.2	.826		
		Competitiveness 5.3	.758		
		Competitiveness 5.4	.651		
		Competitiveness 5.5	.748		
		Competitiveness 6.1	.677		
		Competitiveness 6.2	.485		
		Competitiveness 6.3	.809		
		Competitiveness 6.4	.858		
		Competitiveness 6.5	.748		

Table 3.2 confirms that all indicators of variable data are valid as all loading factor value of all indicators of variables is above 0.40.

Table 3.3: Summary of Statistics from CFA Incentive

Variable	No.of Indicators Used	Cronbach Alpha (Above 0.7)	CR (Above 0.6)	AVE (Above 0.4)
Creating shared value CSV	25	0.911	0.920	0.537
Competitiveness	36	0.792	0.794	0.520

Clustering	15	0.937	0.653	0.574

Source: survey data (n = 175)

Note: AVE – Average Variance Extracted; CR – Composite Reliability.

Table 3.3 shows the results of composite reliability analysis conducted through construct reliability (CR) and average variance extracted (AVE) calculations. It shows that construct reliability value (CR) is round (0.653, 0.920), above the limit value (cut off = 0.60) and Average Variance Extracted value are round (0.520, 0.574) above the limit value (cut off = 0.40), It shows that Alpha Cronbach value are round (0.792, 0.937), above the limit value (cut off = 0.70). Thus, it can be stated that the reliability of variables is good.

This means that "the indicators have high consistency in measuring latent constructs. From the analysis above, namely the analysis of the overall suitability of the model, validity, and reliability analysis, it concludes that the proposed measurement model is reflective, i.e., observed variables/indicators are a measure of the related latent variables".

3.5 Study population

The population of this study consisted of all the farmers in the agricultural sector in Qalqilya. The total number of people who work directly in agriculture is 4400 farmers (Palestinian Ministry of Agriculture, 2021).

3.6 Sample design

Simple random sampling (Saunders et al., 2016) was adopted in this study. As shown in the table below.

- A random sample was selected (350) from the stakeholders in the agricultural sector in Qalqilya. Sample size ≈ 8% of the target population (Saunders et al., 2016).
- The estimated level of confidence = 95% (z = 1.96)
- The estimated margin of error = 5%
- The response rate = 50%. Only 175 questionnaires were retrieved.

Note: The responsiveness rate of respondents (Farmers) was relatively very low, this is mainly because of their educational level and attitudes. Furthermore, it was not so easy to reach them due to the rigorous nature of their work in agriculture.

Table 3.4: Population and Sample distribution

#	Category	Population	Sample size (8%)	Responses (50%) of sample size
1	Agriculture	4400	350	175
	Total	**4400**	**350**	**175**

Source: Palestinian Ministry of Agriculture, 2021.

3.7 Socio-demographic characteristics of the study sample

The following tables and figures describe the socio-demographic information of the respondents containing: Gender, Type of respondent works, Age, Academic Qualification, Work Experience, workplace.

Table 3.5: Gender

		Frequency	Percent
Valid	Female	43	24.6
	Male	132	75.4
	Total	175	100.0

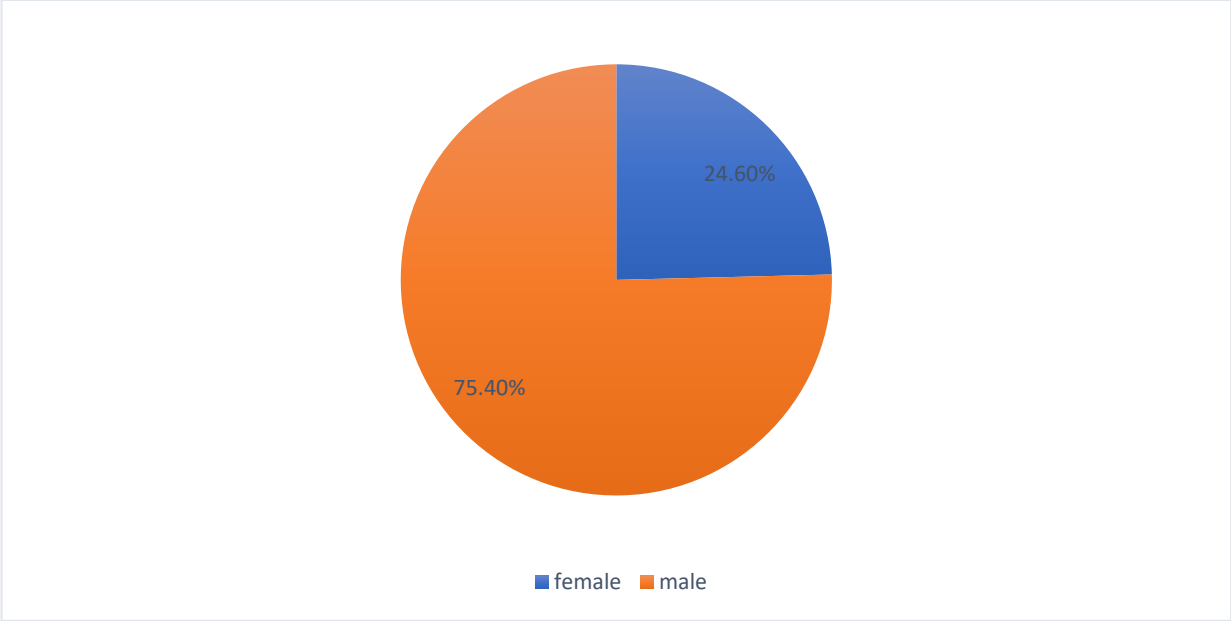

Figure 3.1: Gender

According to the Age, 75.4% of the sample are male, 24.6% % of the sample are female.

Table 3.6: Type of respondent work

		Frequency	Percent
Valid	Worker	40	22.9
	Owner	135	77.1
	Total	175	100.0

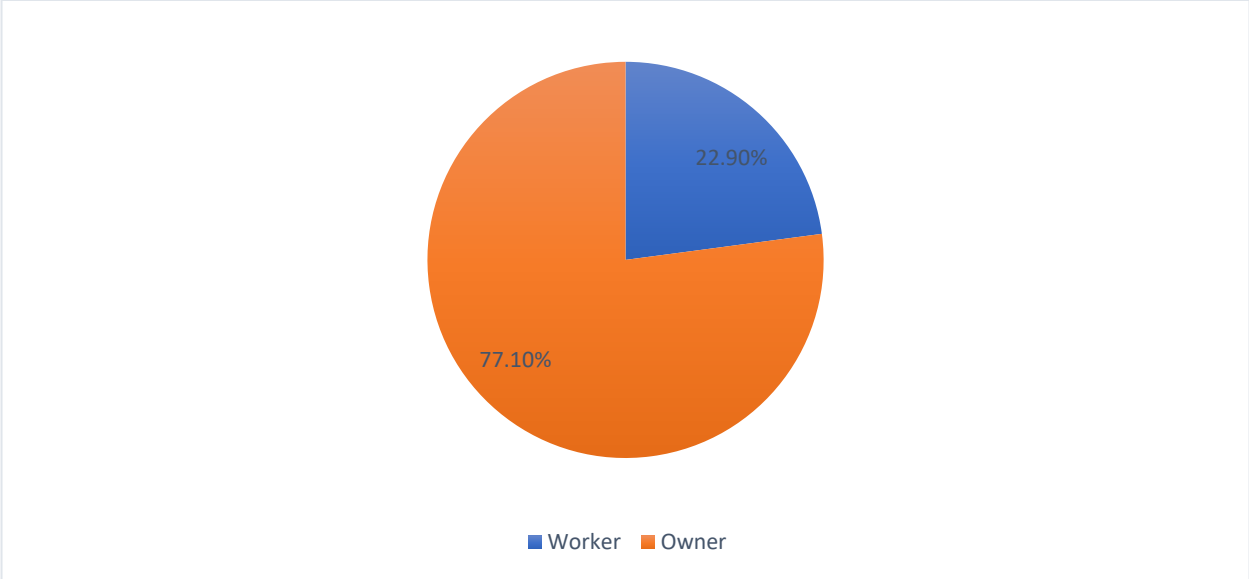

Figure 3.2: Type of respondent works

According to the Type of respondent works, 77.1% of the sample were owners and 22.9% were a worker.

Table 3.7: Age

		Frequency	Percent
Valid	less than 30 years	18	10.3
	from 30-45 years	77	44.0
	from 46-60 years	65	37.1
	above 60 years	15	8.6
	Total	175	100.0

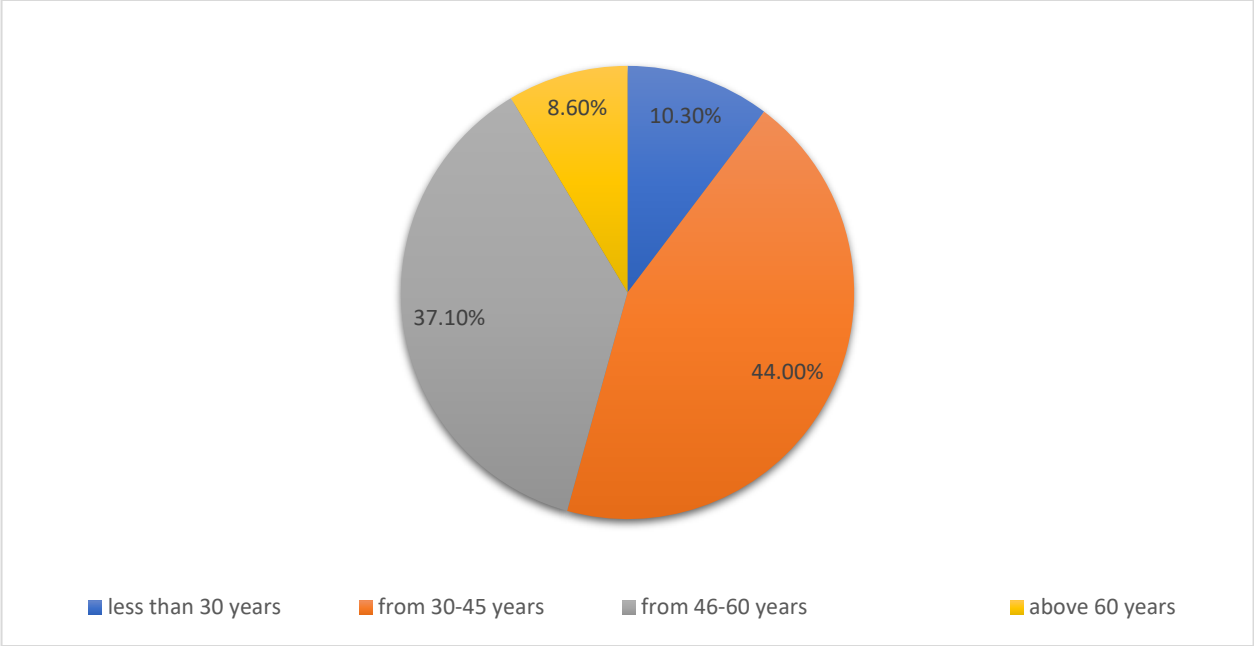

Figure 3.3: Age

According to The Age, 44 % of the age sample were from 30-40 years, 37.1% were from 41-50 years,10.3% of the sample were less than 30 years and 8.6% were above 60 years.

Table 3.8: Academic Qualification

		Frequency	Percent
Valid	Primary	31	17.7
	Secondary	64	36.6
	Diploma	30	17.1
	B.A	44	25.1
	M.A	6	3.4
	Total	175	100.0

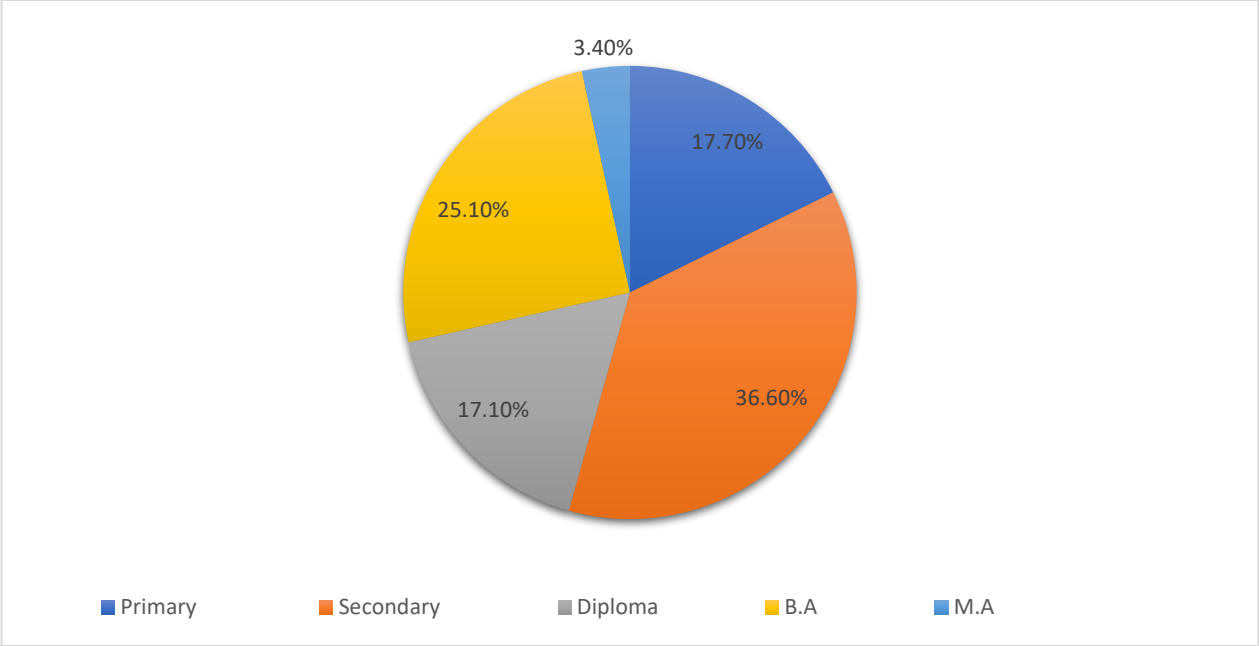

Figure 3.4: Academic Qualification

According to The Academic Qualification, 36.6 % of the sample were secondary, 25.1 % of the sample were B.A, 17.7% were primary, and 17.1% were Diploma, and 3.4% were M.A.

Table 3.9: Work Experience

		Frequency	Percent
Valid	Less than 3 years	18	10.3
	from 3 to 6 years	36	20.6
	from 6 to 9 years	39	22.3
	more than 9 years	82	46.9
	Total	175	100.0

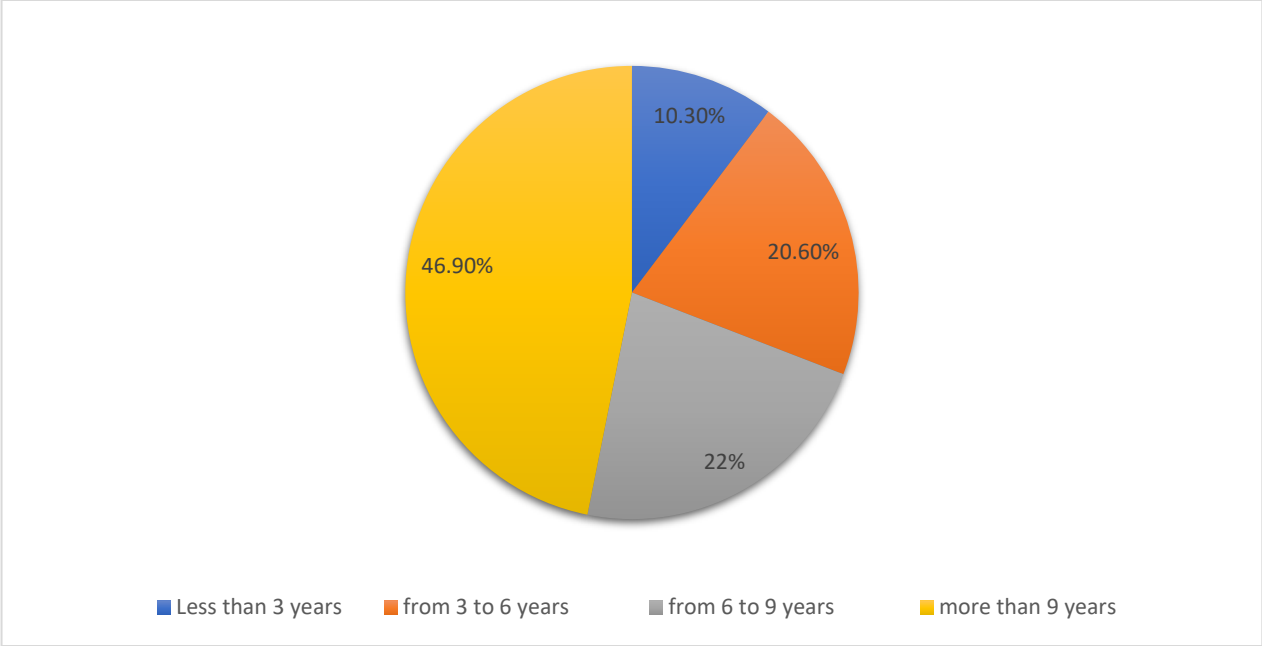

Figure 3.5: Work Experience

According to Work experience, 46.9 % of the sample were more than 9 years, 22.3% were from 6-9 years, and 20.6 % were from 3-6 years, and 10.3 % were and 20.6 % were from 3-6 years.

Table 3.10: workplace

		Frequency	Percent
Valid	City	33	18.9
	village	139	79.4
	Other	3	1.7
	Total	175	100.0

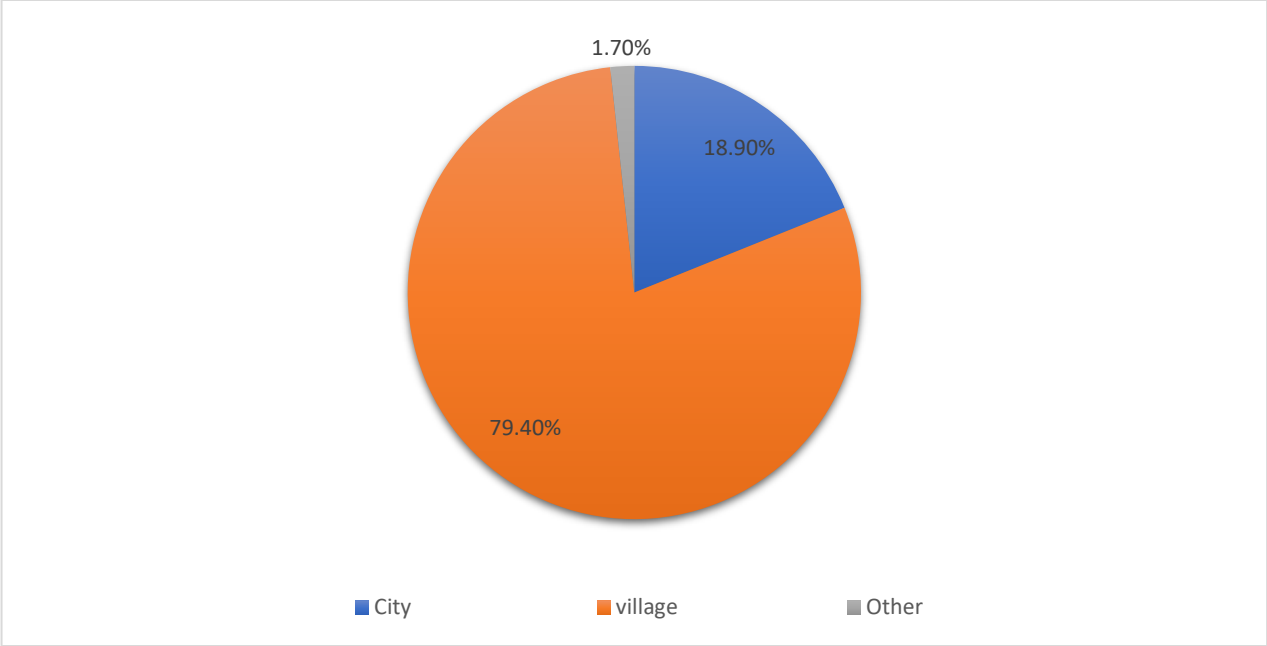

Figure 3.6: workplace

According to the workplace, 79.4 % of the sample were a village, 18.9% of the sample were a city, 1.7% of the sample were others.

3.8 Description of the Study variables

we need to be clear about which relationships we think are likely to exist between variables, concerning the previous studies that related to the subject of the study, it was found that the variables are as follows:

1. Dependent variable: The variable of primary interest of the study. It is dependent on the independent variable and changes in response to changes in other variables (Saunders et al, 2016). This variable is represented in this study by competitiveness, it focuses on the factors of competitiveness that are determined according to the diamond model, which consists of factor conditions, demand conditions, related and supportive industries, Firm strategy, structure and rivalry, and role of government and opportunities.

2. Independent variable: The variable that influences the dependent variable in either a positive or negative way (Cooper and Schindler, 2014) and causes changes in the dependent variable but is not affected by it (Saunders et al, 2016). This variable is represented in this study by the cluster.

3. Moderator variable: It acts as a mediator between the independent variable and the dependent variable and transmits the effect of an independent variable to a dependent variable (Saunders et al, 2016). This variable is represented here by creating the shared value, which consists of three dimensions: economic value, societal value, and environmental value.

3.9 Statistical techniques

The researcher collected the data by distributing the questionnaire to the study sample. Data were considered of a cross-sectional type, processed statistically by the computer using the Statistical Package for Social Sciences program SPSS / program and Amos for statistical analysis and description required by the research. The following statistical techniques and methods will be used:

Statistical methods used in the analysis of the research are:

- Frequencies and Percentages to describe personal and demographic variables.
- Means (averages), Standard Deviations, and Coefficients of Variation to measure respondents' perceptions toward the Questionnaires' Items.
- One-way ANOVA and independent sample t-test to test inner differences between Factors and Questionnaire Dimensions.
- Structural Equation Modeling Analysis (SEM) to test the hypothesis of the relationship between CSV, Clustering, and Competitiveness.
- Alpha (Cronbach) scales and Average Variance Extracted, Composite Reliability for Reliability: A formula to determine the reliability coefficient of the questionnaire.
- Factor loading for validity.

3.10 Method correction

Some of the results were produced by the Likert scale method and the following distribution was used in the correction of the questionnaire's paragraphs:

Table 3.11.: Likert scale

Always	Often	Sometimes	Rarely	Never
5	4	3	2	1

The respondent's answers were given numbers, to weights their trends from 1-5, the difference between the highest value (5) and the lowest value (1) was calculated then it was divided by the number of fields: (5-1)/5=.08). The intervals are calculated by increasing (.8) to the lowest value. To be able to determine the level and intensity of the responses based on the arithmetic mean.

Table 3.12: Correction Key

Mean	Level
Less than 1.8	Very Low
1.8 – less than 2.6	Low
2.6 – less than 3.4	Moderate
3.4 – less than 4.2	High
From 4.2 or more	Very High

Source: (AMOS Help, V.24)

3.11 The Structural Equation Modeling Analysis

Structural Equation Modeling (SEM) is a multivariate quantitative statistical analysis technique used to show the causal relationships between variables, the relationships are shown in SEM represent the hypotheses of the study.

In a model variables that are not influenced by other variables are called exogenous variables, variables that are influenced by other variables in a model are called endogenous variables. A variable that is directly observed and measured is called an indicator variable. A variable that is not directly measured is a latent variable. The factors in factor analysis are latent variables (LVs) are equivalent to common factors in factor analysis and can be viewed as being free of the error of measurement (Byrne, 2010).

Structural equation modeling conveys two important aspects of the procedure: (a) that the causal processes under study are represented by a series of structural (i.e., regression) equations, and (b) that these structural relations can be modeled pictorially to enable a clearer conceptualization of the theory under study and provide a visual display that is easy to interpret and designed to look at complex relationships between variables. The hypothesized model can then be tested statistically in simultaneous analysis of the entire system of variables to determine the extent to which it is consistent with the data (Byrne, 2010).

SEM analysis starts by drawing a path diagram. A path diagram consists of boxes and circles, which are connected by arrows. Observed (or measured) variables are represented by a rectangle or square box, and latent (or unmeasured) factors by a circle or ellipse. Single-headed arrows or "paths" are used to define a causal relationship in the model, with the variable at the tail of the arrow causing the variable at the point. Double-headed arrows indicate covariance or correlations, without a causal interpretation. (Hox and bechger, 1998).

SEM model can be decomposed into two sub models:

- **The measurement model** defines relations between the observed and unobserved variables. In other words, it provides the link between scores on a measuring instrument and the underlying constructs they are designed to measure (i.e., the unobserved latent variables).
- In contrast, **the structural model** defines relations among the unobserved variables. Accordingly, it specifies how particular latent variables directly or indirectly influence (i.e., cause) changes in the values of certain other latent variables in the model (Byrne, 2010).

3.11.1 The factor analytic model

Statistical procedure for investigating relations between sets of observed and latent variables using this approach to data analyses, the researcher examines the covariation among a set of observed variables to gather information on their underlying latent constructs. An Exploratory Factor Analysis (EFA) is necessary to be taken into consideration for using Confirmatory Factor Analysis (CFA). (Byrne, 2010).

Exploratory factor analysis (EFA) is designed for situations where links between the observed and latent variables are unknown or uncertain. The analysis thus proceeds in an exploratory mode to determine how, and to what extent, the observed variables are linked to their underlying factors. Typically, the researcher wishes to identify the minimal number of factors that underlie covariation among the observed variables (Byrne, 2010). EFA has been used to explore the possible underlying factor structure of a set of observed variables without imposing a preconceived structure on the outcome (Suhr, 1999).

Confirmatory factor analysis (CFA) is appropriately used when the researcher has some knowledge of the underlying latent variable structure. Based on knowledge of the theory, empirical research, or both, he or she postulates relations between the observed measures and the underlying factors a priori and then tests this hypothesized structure statistically (Byrne, 2010). CFA allows the researcher to test the hypothesis that a relationship between the observed variables and their underlying latent constructs exists (Suhr, 1999).

The factor analytic model (EFA or CFA) focuses on how, and the extent to which, the observed variables are linked to their underlying latent factors, it is concerned with the extent to which the observed variables are generated by the underlying latent constructs and thus strength of the regression paths from the factors to the observed variables (the factor loadings) is of primary interest (Byrne, 2010).

3.12 Ethical considerations

Many ethical considerations were taken into account through this study:

1. The outcomes were reported honestly and completely. So, that privacy, anonymity, and confidentiality were upheld when analyzing and reporting data.
2. The participants were respected and informed about the study's nature, and they were asked if they like to fill the questionnaire, and they were free to withdraw from participation and possibly to withdraw the data they have provided.
3. The data was collected, analyzed, and processed carefully.
4. Quote from other studies without plagiarism.
5. The study sample accurately represents the population of the study.

Chapter four: Empirical results

4.1 Introduction

This chapter focuses on the analysis of the collected data and research findings.

4.2 Descriptive analysis of research sample

4.21 Analysis of statements (Creating shared value CSV)

1. Creating economic value

Table 4.1 shows the means, standard deviation, and variation coefficient of the economic value of the agricultural sector in Qalqilya.

Table 4.1: The significant differences in all of creating economic value

	Statement	**Mean**	**Standard Deviation**	**C. V.**
CSV1.1	Cultivation of new crops	3.27	1.002	.31
CSV1.2	Use of modern technology	2.99	1.056	.35
CSV1.3	Reduce water consumption	3.42	.990	.29
CSV1.4	Reducing production costs through creativity	3.02	1.149	.38
CSV1.5	Skilled workers increase productivity	3.25	1.075	.33
CSV1.6	The prices of local crops are suitable for all customers	3.16	1.038	.33
CSV1.7	Increase in demand on local crops inside Palestinian market	3.49	.934	.27
CSV1.8	Increase in product exports	2.60	1.218	.47
CSV1.9	High wages for hired workers	2.75	1.068	.39
CSV1.10	It is easy to get funds (governmental or donations)	2.29	1.154	.50
CSV1.11	It is easy to borrow (banks or other financial institutions)	2.71	1.273	.47
	Total	**2.9958**	**.69500**	**.23**

Note: See the correction key in table 3.9 to recognize overall standards for each of the average and the deviation in the questionnaire analysis presented in chapter three.

The coefficient of variation (CV) is the standard deviation divided by the mean and is expressed as a percentage (Saunders et al, 2016).

As indicated in the table above, it is clear that the total degree of Creating economic value is approximately moderate (2.99) with a small variation coefficient of (0.23).

The statement "Increase in demand on local crops inside Palestinian market " has the highest mean (3.49) with the smallest C.V of (0.27). However, the statement "It is easy to get funds (governmental or donations)" has the smallest mean (2.29) with a C.V of (0.50).

The results showed that creating economic value is of moderate importance for farmers. This can be justified as the cluster is still new and not achieving acceptable economic value or profits yet. Also, because of the lack of credit facilitations from the financial institutions, and the complexity to obtain capital that helps in developing this sector.

2. Creating societal value

Table 4.2 shows the means, standard deviation, and variation coefficient of the societal value of the agricultural sector in Qalqilya.

Table 4.2: The significant differences in all of Creating societal value

	Statement	**Mean**	**Standard Deviation**	**C. V.**
CSV2.1	workers training improves their productivity	3.80	.92	.24
CSV2.2	Conducting workshops for training contribute to providing skilled workers	3.81	.93	.24
CSV2.3	Achieve job satisfaction	3.21	1.15	.36
CSV2.4	Motivate your workers	3.25	1.06	.33
CSV2.5	Providing workers with insurance	2.65	1.29	.49
CSV2.6	Keep workplace conditions safe	2.96	1.22	.41
CSV2.7	Equal opportunities for workers increase their productivity	3.21	1.18	.37
	Total	**3.27**	**.86**	**.26**

From the table above, it is clear that the total degree of Creating societal value is approximately moderate (3.27) with a small variation coefficient of (0.26).

The statement "Conducting workshops for training contribute to providing skilled workers" has the highest mean (3.81) with the smallest C.V of (0.24). However, the statement "Providing workers with insurance" has the smallest mean (2.65) with a C.V of (0.49).

The previous results indicated that creating societal value is of moderate importance, because of the agricultural sector nature and the simple mentality of farmers in this sector, they are not interested in attending workshops or training courses or providing workers with insurance, or motivating farmers.

3. Creating an environmental value

Table 4.3 shows the means, standard deviation, and variation coefficient of the environmental value of the agricultural sector in Qalqilya.

Table 4.3: The significant differences in all of Creating an environmental value

	Statement	**Mean**	**Standard Deviation**	**C. V.**
CSV3.1	Modern techniques are used to reduce water consumption (e.g., drip irrigation or irrigation with treated water)	3.76	1.01	.27
CSV3.2	Modern techniques used for chemicals and pesticides	3.50	.98	.28
CSV3.3	Modern techniques used to reduce Soil pollution and drain	3.25	1.19	.36
CSV3.4	Modern machinery used for planting and harvesting crops	2.78	1.18	.42
CSV3.5	Soil quality affects the quality of agricultural products	3.97	.95	.24
CSV3.6	Water quality affects the quality of agricultural products	3.93	.97	.25
CSV3.7	using the right agricultural practices that help in conserving lands (e.g., forestation, checking to overgraze, protecting the soil from erosion, crop rotation, plowing the land in the right direction, reducing greenhouse gases)	3.67	1.03	.28
	Total	**3.55**	**.70**	**.20**

As indicated in the table above, it is clear that the total degree of Creating an environmental value is approximately high (3.55) with a small variation coefficient of (0.20).

The statement "Soil quality affects the quality of agricultural products" has the highest mean (3.81) with the smallest C.V of (0.24). However, the statement "Modern machinery used for planting and harvesting crops" has the smallest mean (2.78) with C.V of (0.42).

The previous results indicated that creating environmental value is high and this is logical due to the agricultural nature which helps to save and protect the environment, conserve lands, and reduce pollution.

Analyze of fields (Creating shared value CSV)

Table 4.3 shows the means, standard deviation, and variation coefficient of the creating shared value of the agricultural sector in Qalqilya.

Table 4.4: The significant differences in Creating shared value CSV

	Statement	**Mean**	**Standard Deviation**	**C. V.**
CSV1	Creating economic value	3.00	.70	.23
CSV2	Creating societal value	3.27	.86	.26
CSV3	Creating an environmental value	3.55	.70	.20
	Average	3.27	.65	.20

From the above table, it is clear that the average total degree of Creating shared value CSV is approximately moderate (3.27) with a small variation coefficient of (0.20), relatively.

The field "Creating an environmental value" has the highest mean (3.55) with the smallest C.V of (0.20). However, the field "Creating economic value" has the smallest mean (3.00) with C.V of (0.23).

The results showed that 17% of respondents have no information to answer some of the questions related to the concept of CSV. (14% - economic value, 4% - social value and 4% - environmental value).

4.2.2 Analysis of statements (competitiveness)

1. Factors conditions

Table 4.5 shows the means, standard deviation, and variation coefficient of factor conditions of the agricultural sector in Qalqilya.

Table 4.5: The significant differences in all of the Factors conditions

	Statement	**Mean**	**Standard Deviation**	**C. V.**
Competitiveness1.1	It is easy to access and receive financial resources for local agricultural development	2.80	1.15	.41
Competitiveness1.2	It is easy to access and sell in local markets	3.37	.88	.26
Competitiveness1.3	It is easy to access external markets	2.54	1.09	.43
Competitiveness1.4	It is easy to access efficient human resources specialized in agriculture	3.15	1.04	.33
Competitiveness1.5	Information related to agriculture in Palestine is easily available	3.41	1.03	.30
Competitiveness1.6	The infrastructure for agriculture is available in good conditions	3.15	1.18	.37
Competitiveness1.7	Legal government facilities encourage farmers to invest in agriculture.	2.71	1.24	.46
Competitiveness1.8	High-quality seeds are available	3.29	1.12	.34
Competitiveness1.9	All of the necessary fertilizers are available in the Palestinian market	2.75	1.09	.40
Competitiveness1.10	Many agricultural inputs have to be purchased from the Israeli side	2.85	1.17	.41
	Total	**3.00**	**.79**	**.26**

From the table above, it is clear that the total degree of Factors conditions is approximately moderate (3.0) with a small variation coefficient of (0.26).

The statement "Information related to agriculture in Palestine is easily available" has the highest mean (3.41) with the smallest C.V of (0.30). However, the statement "It is easy to access external markets" has the smallest mean (2.54) with C.V of (0.43).

As indicated in the previous results, it is clear that the Palestinian market suffers from the lack of the necessary inputs for industry, including natural, capital, and human resources, physical, information, and technological infrastructure, so that farmers can't obtain the agricultural inputs they need to develop the sector as these inputs are still scarce in the Palestinian market.

2. Demand conditions

Table 4.6 shows the means, standard deviation, and variation coefficient of demand conditions of the agricultural sector in Qalqilya.

Table 4.6: The significant differences in all of the Demand conditions

	Statement	**Mean**	**Standard Deviation**	**C. V.**
Competitiveness2.1	The quality of the local agricultural products is high	3.71	.95	.26
Competitiveness2.2	There is a high demand for local agricultural products in the local market	3.63	.89	.24
Competitiveness2.3	Customers demand new kinds of crops such as tropical crops	1.15	.77	3.13
Competitiveness2.4	There is a high demand for local agricultural products in the external market	3.00	1.17	.39
Competitiveness2.5	The reputation of our agriculture products is good locally and internationally	3.38	1.02	.30
Competitiveness2.6	The political situation constraints the agricultural situation	1.08	.46	3.75
Competitiveness2.7	The economic situation constraints the agricultural situation	3.31	1.33	.40
Competitiveness2.8	Prices of your products are competent prices	2.68	1.37	.51
Competitiveness2.9	The quality and kinds of your products are competent with Israeli products	2.77	1.32	.48

	Total	**2.53**	**.58**	**.23**

In the table above, it is clear that the total degree of Demand conditions is approximately moderate (2.53) with a small variation coefficient of (0.23).

The statement "The quality of the local agricultural products is high" has the highest mean (3.71) with the smallest C.V of (0.26). However, the statement "The political situation constraints the agricultural situation" has the smallest mean (1.08) with C.V of (3.75).

The dramatic increase of home demand for the industry's products and services because of population growth pushes companies to grow, innovate, improve quality and achieve more sustainable competitive advantages than their rivals. But in the Palestinian market, the competition is high because of the availability of mainly Israeli agricultural products that compete with the local agricultural products which constrain the development of this sector. Despite that, the quality and the price of the local and Israeli products are approximately similar and there are no great differences between them.

From the researcher's point of view and the previous results, it is clear that the Palestinian local products are of high quality and suitable prices and can compete with the Israeli ones, but the demand conditions are of moderate importance here due to the high value of the coefficient of variation ($CV=\sigma/\mu$) of two elements (Customers demand new kinds of crops such as tropical crops and The political situation constraints the agricultural situation) which means that there is a high dispersion in answers.

As Porter suggested businesses can achieve more sustainable competitive advantages than their rivals from internally developed core competencies or distinctive capabilities based on knowledge developed through organizational learning, also he argues that economies of scale have become more important instruments for competitiveness in the global economy. In this case, farmers can achieve a competitive advantage by lower costs and higher prices (Differentiation). To achieve this farmers might benefit from the concept of economies of scale - are cost advantages reaped by companies when production becomes efficient, companies can achieve economies of scale by increasing production and lowering costs and this is the most important benefit that clusters provide through the agglomeration of the inter-related firms and the related institutions, as a cluster is utilized to show a geographical and a sectoral focus of firms which produce and sell a range of related or complementary goods and services, and normally experience the same challenges as well as opportunities

3. Related and supporting industries

Table 4.7 shows the means, standard deviation, and variation coefficient of Related and supporting industries of the agricultural sector in Qalqilya.

Table 4.7: The significant differences in all of the Related and supporting industries and facilities

	Statement	Mean	Standard Deviation	C. V.
Competitiveness3.1	There is a cooperation between local institutions such as the chamber of commerce and agriculture and unions with farmers	3.29	1.23	.37
Competitiveness3.2	There is a cooperation between governmental institutions and farmers	3.26	1.13	.35
Competitiveness3.3	There is a cooperation between you and other enterprises such as food factories or restaurants	2.78	1.24	.45
Competitiveness3.4	Consulting experts helps to improve your experience and business productivity	3.31	1.14	.34
	Total	**3.16**	**.97**	**.31**

From the table above, it is clear that the total degree of Related and supporting industries is approximately moderate (3.16) with a small variation coefficient of (0.31).

The statement "Consulting experts help to improve your experience and business productivity" has the highest mean (4.04) with the smallest C.V of (0.34). However, the statement "There is a cooperation between you and other enterprises such as food factories or restaurants" has the smallest mean (2.78) with C.V of (0.45).

Companies are often dependent on alliances and partnerships with other companies to create additional value for customers and become more competitive. It is clear from the previous results that related and supporting industries are of moderate importance for farmers to market and sell their products this is because of the lack of efficient networking and cooperation between farmers and other enterprises. Networking can affect the competitiveness of enterprises or sectors by increasing their productivity and allowing the farmers to benefit from the economies of scale in

production. From the researcher's point of view, due to the nature of life and the simple mentality of farmers they don't know the importance of networking and cooperation with others.

4. Firm's strategy, structure, and rivalry

Table 4.8 shows the means, standard deviation, and variation coefficient of the Firm's strategy, structure, and rivalry of the agricultural sector in Qalqilya.

Table 4.8: The significant differences in all of the Firm's strategy, structure, and rivalry

	Statement	**Mean**	**Standard Deviation**	**C. V.**
Competitiveness4.1	The quality of the local agricultural products can compete in the external markets	3.54	1.10	.31
Competitiveness4.2	The local agricultural products can compete with Israeli products	3.39	1.07	.31
Competitiveness4.3	The quality of the local agricultural products is commensurate with their price	3.48	.88	.25
	Total	**3.47**	**.83**	**.24**

As the above table indicated, it is clear that the total degree Firm's strategy, structure, and rivalry is approximately high (3.47) with a small variation coefficient of (0.24).

The statement "The quality of the local agricultural products can compete in the external markets" has the highest mean (3.54) with the smallest C.V of (0.31). However, the statement "The local agricultural products can compete with Israeli products" has the smallest mean (3.39) with the smallest C.V of (0.25).

The more intense domestic rivalry is, the more companies are being pushed to innovate and improve to maintain their competitive advantage. So, despite the high competition in the local agricultural sector the local products still maintain their quality and price and can compete with other products. and this result is likely to be consistent with the theory of microeconomics of competitiveness.

5. Government role

Table 4.9 shows the means, standard deviation, and variation coefficient of the Government's role in the agricultural sector in Qalqilya.

Table 4.9: The significant differences in Government role

	Statement	**Mean**	**Standard Deviation**	**C. V.**
Competitiveness5.1	The laws, regulations, and policies enforced in Palestine are supportive of the agricultural sector	3.01	1.19	.40
Competitiveness5.2	The laws, regulations, and policies enforced in Palestine are implemented	2.77	1.29	.46
Competitiveness5.3	The laws, regulations, and policies enforced in Palestine provide equal opportunities for all stakeholders in the agricultural sector	2.59	1.20	.46
Competitiveness5.4	The government put restrictions on the import of foreign products	2.91	1.37	.47
Competitiveness5.5	The local regulations encourage the local products	2.99	1.27	.42
	Total	**2.85**	**1.06**	**.37**

In the above table, it is clear that the total degree of Government role is approximately moderate (2.58) with a small variation coefficient of (0.37).

The statement "The laws, regulations, and policies enforced in Palestine are supportive of the agricultural sector" has the highest mean (3.01) with the smallest C.V of (0.40). However, the statement "The laws, regulations, and policies enforced in Palestine provide equal opportunities for all stakeholders in the agricultural sector" has the smallest mean (2.59) with the smallest C.V of (0.46).

In any industry, governments should encourage and push companies to raise their levels of competitiveness through different means such as policies, strategies, rules, regulations, and taxation. But it is clear that in Palestine the agricultural sector has not benefited largely from the enforced governmental policies and regulations and there is a lack of governmental support to this sector.

6. Chance

Table 4.10 shows the means, standard deviation, and variation coefficient of the chance in the agricultural sector in Qalqilya.

Table 4.10: The significant differences in chance

	Statement	Mean	Standard Deviation	C. V.
Competitiveness6.1	Skilled labor is always available	3.18	1.06	.33
Competitiveness6.2	Cheap labors are available	2.71	1.08	.40
Competitiveness6.3	The climate is suitable for agriculture	3.58	1.06	.30
Competitiveness6.4	The soil is suitable for agriculture	3.57	1.03	.29
Competitiveness6.5	Close markets are available	3.39	.86	.25
	Total	**3.29**	**.77**	**.23**

From the table above, it is clear that the total degree chance is approximately high (3.29) with a small variation coefficient of (0.23).

The statement "The climate is suitable for agriculture" has the highest mean (3.58) with the smallest C.V of (0.30). However, the statement "Cheap labors are available" has the smallest mean (2.71) with C.V of (0.40).

As the results indicated the agricultural sector has many available opportunities that can benefit the agricultural sector, such as a suitable climate, suitable soil, close markers, and skilled workers.

Analyze of fields (Competitiveness)

Table 4.11 shows the means, standard deviation, and variation coefficient of competitiveness of the agricultural sector in Qalqilya.

Table 4.11: The significant differences in Competitiveness

	Statement	Mean	Standard Deviation	C. V.
Competitiveness1	Factor conditions	3.00	.79	.26
Competitiveness2	Demand conditions	2.53	.58	.23
Competitiveness3	Related and supporting industries	3.16	.97	.31
Competitiveness4	Firm strategy, structure, and rivalry	3.47	.83	.24
Competitiveness5	Government role	2.85	1.06	.37

Competitiveness6	Chance	3.29	.77	.23
	Average	**3.05**	**.62**	**.20**

From the table above, it is clear that the average total degree of Competitiveness is approximately moderate (3.05) with a small variation coefficient of (0.20).

The field "Firm strategy, structure, and rivalry" has the highest mean (3.47) with the smallest C.V of (0.24). However, the field "Demand conditions" has the smallest mean (2.53) with C.V of (0.23).

The results showed that 21% of respondents have no information to answer some of the questions related to the concept of Competitiveness. (10% factors conditions, 11% demand conditions, 4% related and supporting industries, 3% firm strategy, structure, and rivalry, 11% Government role, and 3% chance).

4.2.3 Analysis of Statements (Clusters)

Table 4.12 shows the means, standard deviation, and variation coefficient of the agricultural cluster in Qalqilya.

Table 4.12: Benefits and Results of Clusters

	Statement	**Mean**	**Standard Deviation**	**C. V.**
Clustering1	Reduce the cost of the product.	3.27	1.01	.31
Clustering2	Facilitate reaching new suppliers.	3.07	1.06	.35
Clustering3	Facilitate reaching new customers	3.06	1.08	.35
Clustering4	Encourage innovation	2.99	1.13	.38
Clustering5	Helps to enter new markets.	3.06	1.04	.34
Clustering6	Create job opportunities in the sector	3.43	1.08	.31
Clustering7	It helps to increase productivity	3.42	1.02	.30
Clustering8	Facilitate obtaining inputs for productivity	3.05	1.18	.39
Clustering9	Reduce the costs of commercial transactions.	2.79	1.21	.43
Clustering10	Reduce costs of transportation	2.80	1.14	.41
Clustering11	Reduce row materials costs	2.90	1.12	.38
Clustering12	Increase market share	2.87	1.14	.40
Clustering13	Increase the competitive advantage of agricultural products	3.19	1.11	.35

Clustering14	Helps in agricultural Infrastructure improvement	3.57	1.19	.33
Clustering15	Increase the competitiveness of the domestic economy.	3.24	1.29	.40
	Total	**3.11**	**.86**	**.28**

As the above table indicated, it is clear that the total degree of Benefits and Results of Clustering is approximately moderate (3.11) with a small variation coefficient of (0.28).

The statement "Create job opportunities in the sector" has the highest mean (3.43) with the smallest C.V of (0.31). However, the statement "Reduce the costs of commercial transactions" has the smallest mean (2.79) with the smallest C.V of (0.43).

The results showed that the benefits and results of clustering are moderate, this is because the cluster is a newly-established concept whose results are measured only in the short term (started in 2019), and not all farmers know what is the cluster and what the benefits of joining it are. Also, this is due to the insufficient public institutions that can't execute the idea of clustering sufficiently and lack of governmental support.

The results showed that 13 % of respondents have no information to answer some of the questions related to the benefits of clustering.

4.2.4 Confirmatory Factor Analysis

Using the Maximum Likelihood Method of estimation, we first use a Confirmatory Factor Analysis (CFA) on our data to analyze the latent variables and their components for validity.

There are many goodnesses of fit indices that enable to assure the appropriateness of the SEM research model and its components:

- **The chi-square test** indicates the amount of difference between expected and observed covariance matrices, small p values (e.g., < .05) indicates a bad fit (AMOS Help, V.24), (Müller, 2003).
- **The Comparative Fit Index (CFI)** Compares performance on our suggested model to performance on baseline or the null model that assumes zero correlation between all observed variables. The GFI(Goodness of Fit Index) is based on the percentage variance explained(as R-square in Regression). CFI ranges from 0 to 1 with a larger value

indicating better model fit. Acceptable model fit is indicated by a CFI value of 0.90 or greater (AMOS Help, V.24), (Müller, 2003).

- **The Root Mean Square Error of Approximation (RMSEA)** is an index based on residuals matrix which looks at discrepancies between observed and predicted covariances, RMSEA values range from 0 to 1 with a smaller RMSEA value indicating better model fit, practical experience indicates that a value of the RMSEA of about .05 or less would indicate a close fit of the model in relation to the degrees of freedom (AMOS Help, V.24), (Müller, 2003).

The goodness of Fit Criteria

1. Chi-Square (X2)

Chi-square is one of the fundamental tests for statistical significance and it is feasible for the testing hypothesis regarding frequencies arranged in a frequency or contingency (Zikmund, Babinn, Carr, & Griffin, 2013). The chi-square will be valid if the data research reached an assumption of normality and have a large sample size. When the value of chi-square in a model reaches 0, it means that the model has a perfect fit (Rusdiyana, 2017). Probability (P-value) is a function used to get a large deviation indicated by the value of chi-square. P-value for Test of Close Fit (RMSEA < 0.5) indicates the probability of fall < 0.5 P-value > 0.50 indicates fit model (Byrne, 1998). When the probability of insignificant chi-square value has fulfilled the requirements, it indicates that the empirical data are in accordance with the model.

1) H0: Empirical data are identical to the model it means that the hypothesis will be accepted if $p \geq 0{,}05$

2) Hα: Empirical data are not identical to the model it means that the hypothesis will be accepted if $p \geq 0{,}05$

2. Root Mean Square Error of Approximation (RMSEA, Steiger, 2010)

Root mean square error of approximation (RMSEA) has a much more indirect relation with the residuals because which could also be expressed as:

$$\sqrt{\frac{\chi^2 - df}{df\ (N-1)}}$$

3. Comparative fit index (CFI; Bentler, 1990)

Here, subtracting df from χ2 provides some penalty for free parameters. The formula for CFI is

$$1 - \frac{(\chi^2\ implied - df)}{(\chi^2\ null - df}$$

Values > 1 are truncated to 1, and values < 0 are raised to 0.

Without this "normalization," this fit index is the one devised by McDonald and Marsh (1990), the Relative Non-centrality Index (RNI). Hu and Bentler (1998, 1999) suggested CFI ≥ .95 as a cutoff value for a good fit. Marsh, Hau, and Grayson (2005, p. 295) warned that CFI has a slight downward bias, due to the truncation of values greater than 1.0.

4. CMIN/DF

CMIN/DF is the minimum discrepancy, divided by its degrees of freedom. Several studies have suggested the use of this ratio as a measure of fit. For every estimation criterion, the ratio should be close to 1.0 for the correct models. If the value of CMIN/DF is ≤ 5.00, it means that the value of CMIN/DF is a good fit (Byrne, 1989).

5. Goodness of Fit Index (GFI)

James and colleagues (1982) and Mulaik and colleagues (1989) suggest adjusting NFI and GFI by multiplying indices with a ratio called PRATIO. PRATIO, as mentioned earlier in the related section of this paper, compares the degrees of freedom for the default model (df) and independence model (dfi). The formula is simply PRATIO=df/dfi.

AMOS also calculates PGFI by using the same method. Usually and debatably, values above 0.80 indicate a good fit.

GFI is a measurement of the accuracy of a model in generating an observed covariance matrix. The range of GFI values should be between 0 and 1. Miles and Shevlin (2008) stated that a model can be stated as a good fit model if the GFI value is ≥ 0.95. Joreskog & Sorbom's theory (2008) stated that if GFI has a negative value indicated that the model is bad.

4.2.4.1 Confirmatory factor analysis of CSV

The table below shows the Fitting Index of Confirmatory Factor Analysis of competitiveness.

Table 4.13: Fitting Index of Confirmatory Factor Analysis of CSV

Index	The goodness of Fit Rule	CSV
Chi-Square test Significance level	>0.05	0.063

Goodness of Fit (GFI)	>0.9	0.900
Comparative Fit Index (CFI)	>0.9	0.985
Root Mean Square Error of Approximation (RMSEA)	<0.05	0.030
CMIN/DF	<5	1.153

As shown in the table above, the results of CFA indicate an adequate fit, and the CSV variable satisfies the goodness of fit rules. all elements of the CSV latent variable components were statistically significant.

The GFI=0.900 (90% is the percentage variance explained), CFI=0.985 (98.5% is the CSV of our suggested model compared with the CSV on baseline or the null model that assumes zero correlation between all observed variables), and RMSEA=0.030 (about 3% discrepancies between observed and predicted covariance).

The figure below shows the confirmatory factor analysis diagram of CSV:

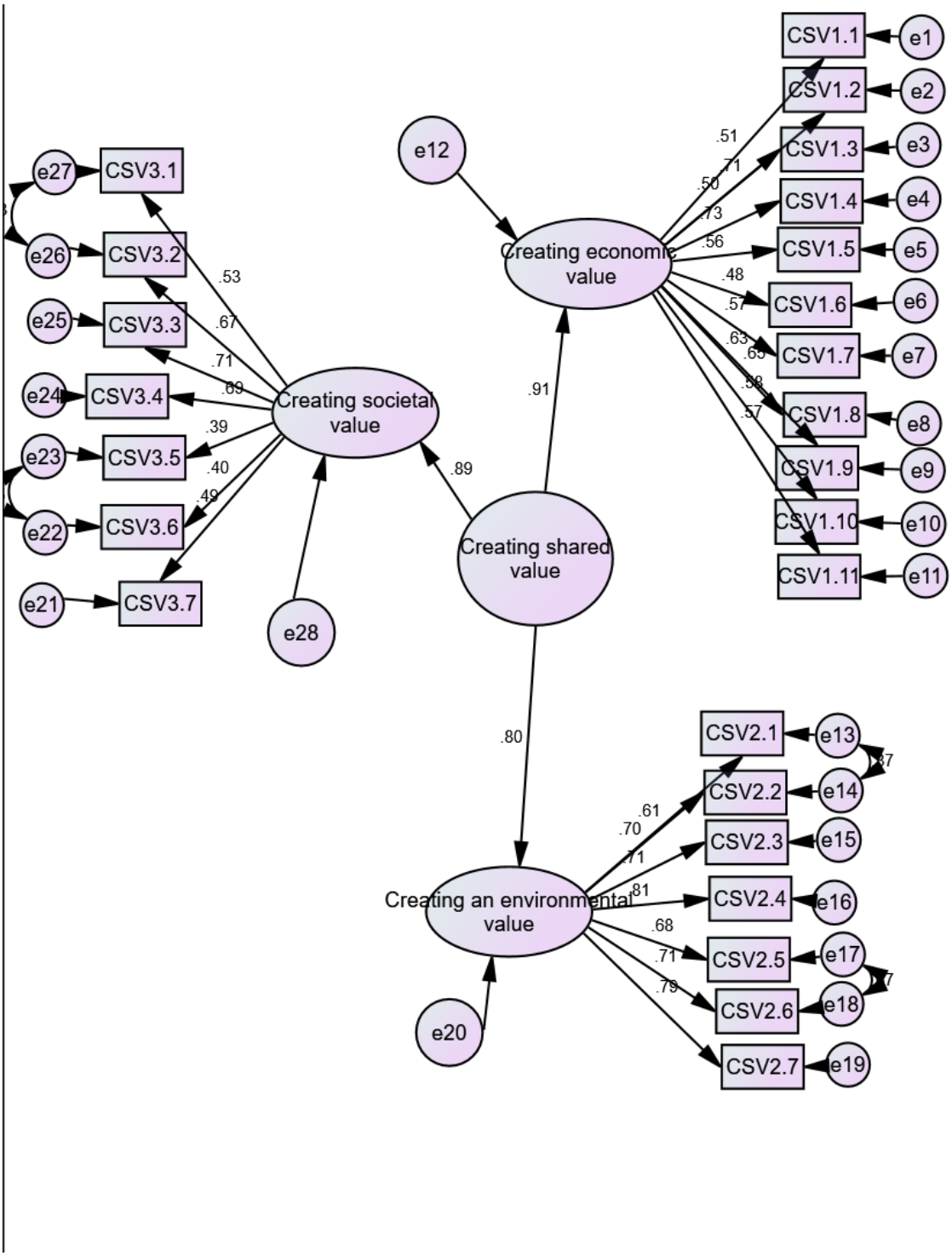

Figure 4.1: Confirmatory factor analysis diagram of CSV

4.2.4.2 Confirmatory factor analysis of competitiveness

The table below shows the Fitting Index of Confirmatory Factor Analysis of competitiveness.

Table 4.14: Fitting Index of Confirmatory Factor Analysis of competitiveness

Index	**The goodness of Fit Rule**	**Competitiveness**
Chi Square test Significance level	>0.05	0.112
Goodness of Fit (GFI)	>0.9	0.893
Comparative Fit Index (CFI)	>0.9	0.952
Root Mean Square Error of Approximation (RMSEA)	<0.05	0.047
CMIN/DF	<5	1.380

As shown in the table above, the results of CFA indicate an adequate fit, and the competitiveness variable satisfies the goodness of fit rules. 34 elements remained from 36 elements of the Competitiveness latent variable components (the items deleted were not statistically significant). (comp2.3- Customers demand new kinds of crops, comp2.6- The political situation constraints the agricultural situation) has been deleted, because has not significantly affected.

The GFI=0.893 (89.3% is the percentage variance explained), CFI=0.952 (95.2% is the Competitiveness of our suggested model compared with the Competitiveness on baseline or the null model that assumes zero correlation between all observed variables), and RMSEA=0.04 (about 4% discrepancies between observed and predicted covariance).

The figure below shows the confirmatory factor analysis diagram of Competitiveness:

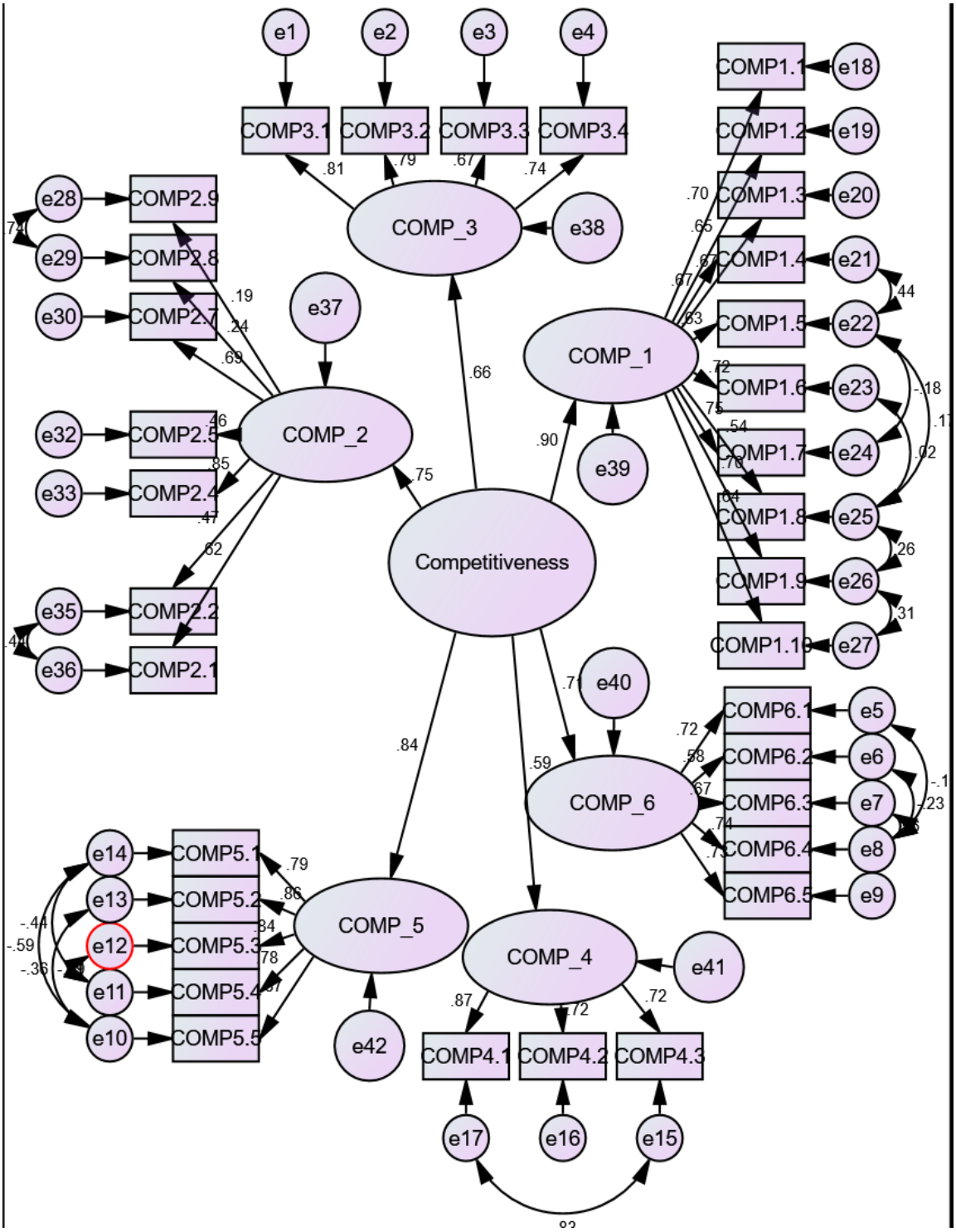

Figure 4.2: Confirmatory factor analysis diagram of Competitiveness

4.2.4.3 Confirmatory factor analysis of clustering

The table below shows the Fitting Index of Confirmatory Factor Analysis of clustering.

Table 4.15: Fitting Index of Confirmatory Factor Analysis of Clustering

Index	Goodness of Fit Rule	Clustering
Chi Square test Significance level	>0.05	0.06
Goodness of Fit (GFI)	>0.9	0.927
Comparative Fit Index (CFI)	>0.9	0.979
Root Mean Square Error of Approximation (RMSEA)	<0.05	0.046
CMIN/DF	<5	1.757

As shown in the table above, the results of CFA indicate an adequate fit, and the clustering variable satisfies the goodness of fit rules. all elements remained from clustering observation components.

The GFI=0.927 (92.7% is the percentage variance explained), CFI=0.979 (97.9% is the Clustering of our suggested model compared with the Clustering on baseline or the null model that assumes zero correlation between all observed variables), and RMSEA=0.04 (about 4% discrepancies between observed and predicted covariance).

The figure below shows the confirmatory factor analysis diagram of Clustering.:

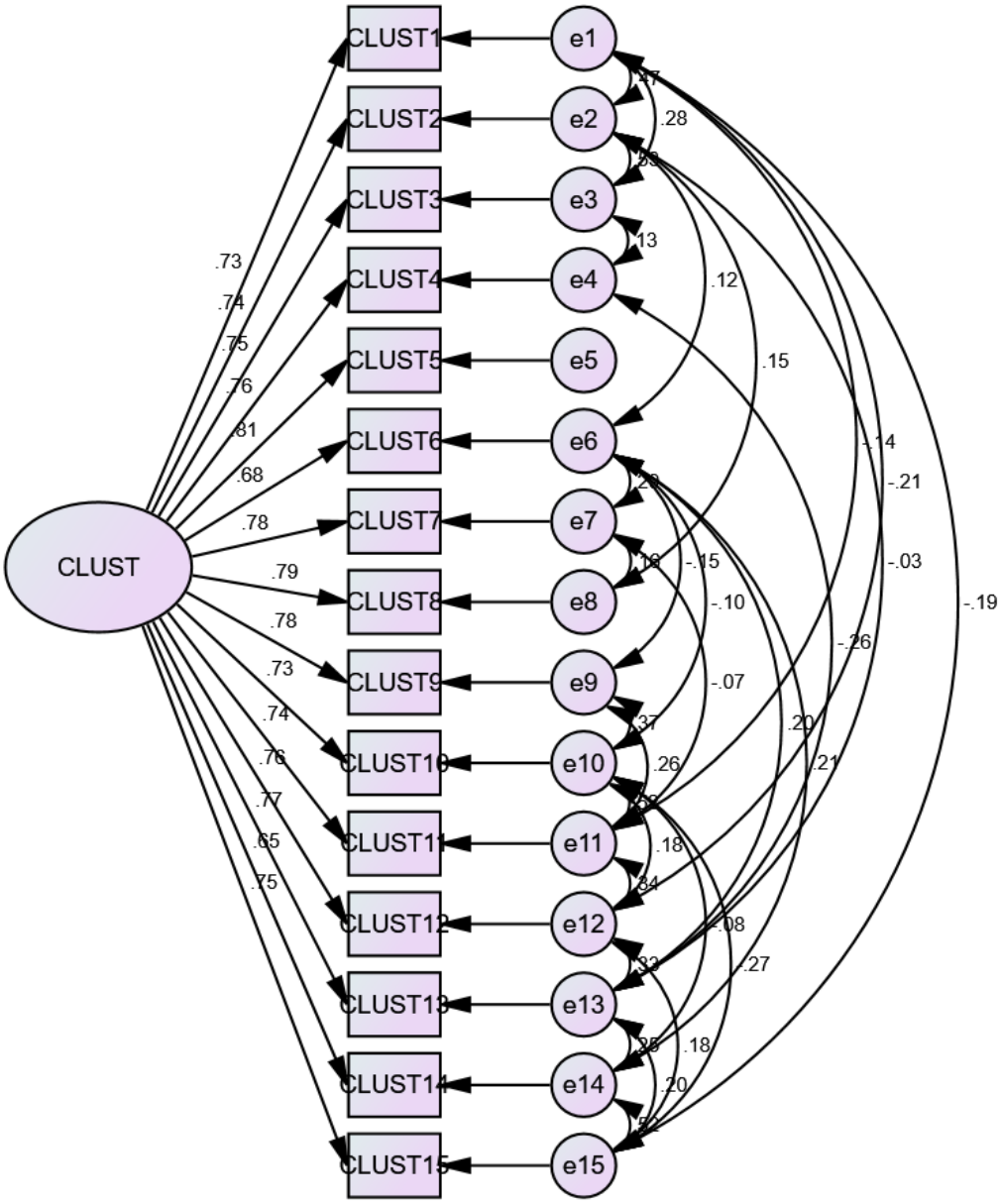

Figure 4.3: Confirmatory factor analysis diagram of Clustering

4.2.5 The structural model of analyzing the path

The general pattern of analyzing the path is as follows:

As:

Path Analysis Equation:

The general formula of the Path Analysis Equation is:

$$\boldsymbol{Y_{P+1} = B_{P*P} Y_{P*1} + \Gamma_{P*q} X_{q*1} + \xi_{p*1}}$$

Y_{P+1} : Dependent Variables Matrix, p is the number of dependent variables.

B_{P*P} : Direct Effects Matrix of Endogenous Variables.

Γ_{P*q} : Direct Effects Matrix of Exogenous Variables, q is the number of independents variables.

X_{q*1} : Independent Variables Matrix.

ξ_{p*1} : Random Errors Matrix.

The general formula of the suggested Path Analysis Equation of our research will be as the following:

Clustering = α Clustering1 * Clustering1+ α Clustering2* Clustering2+ α Clustering3* Clustering3 + α Clustering4* Clustering4 + α Clustering5* Clustering5+ α Clustering6* Clustering6 + α Clustering7* Clustering7+ α Clustering8* Clustering8+ α Clustering9* Clustering9+ α Clustering10* Clustering10 + α Clustering11* Clustering11+ α Clustering12* Clustering12 + α Clustering13* Clustering13+ α Clustering14* Clustering14+ α Clustering15* Clustering15+e1

CSV = α Clustering * Clustering + αCSV1* CSV1+ α CSV2* CSV2+ α CSV3* CSV3+e2.

Competitiveness = α Clustering * Clustering + αCSV * CSV+ α Competitiveness1*Competitiveness1+αCompetitiveness2*Competitiveness2+αCompetitiveness 3*Competitiveness3+αCompetitiveness4*Competitiveness4+α Competitiveness 5* Competitiveness 5+ α Competitiveness 6* Competitiveness 6+e3

Where:

Clustering	Benefits and results of clustering
Clustering1	Reduce the cost of the product.
Clustering2	Facilitate reaching new suppliers.
Clustering3	Facilitate reaching new customers.
Clustering4	Encourage innovation.
Clustering5	Helps to enter new markets.
Clustering6	Create job opportunities in the sector.
Clustering7	It helps to increase productivity.
Clustering8	Facilitate obtaining inputs for productivity.
Clustering9	Reduce the costs of commercial transactions.
Clustering10	Reduce costs of transportation.
Clustering11	Reduce row materials costs.
Clustering12	Increase market share.
Clustering13	Increase the competitive advantage of agricultural products.
Clustering14	Helps in agricultural Infrastructure improvement.
Clustering15	Increase the competitiveness of the domestic economy.
CSV	**Creating shared value CSV**
CSV1	Creating economic value.
CSV2	Creating societal value.
CSV3	Creating an environmental value.
Competitiveness	**Competitiveness**
Competitiveness1	Factors conditions.
Competitiveness2	Demand conditions.
Competitiveness 3	Related and supporting industries.
Competitiveness 4	Firm's strategy, structure, and rivalry.
Competitiveness 5	Government role.
Competitiveness 6	Chance.

All (α 's) are the direct effect parameters.

The following guideline table exhibits the goodness of fit rules and the indices results for each main variable of the study.

The Estimated path analysis equation:

Using the previous analysis, the general formula of the suggested estimated Path.

Analysis Equation of our research will be as follows:

Clustering = 1.01* Clustering 1+ 1.16* Clustering 2+ 1.12* Clustering 3+ 1.22* Clustering 4+ 1.18* Clustering 5+ 1.03* Clustering 6+ 1.33* Clustering 7+ 1.32* Clustering 8+ 1.30* Clustering 9+ 1.17* Clustering 10+ 1.15* Clustering 11+ 1.21* Clustering 12+ 1.20* Clustering 13+1.10* Clustering 14+ 1.37* Clustering15

CSV= 0.585* Clustering + 1.00* CSV1+ 1.07* CSV2+ 0.927* CSV3

Competitiveness = 0.121* Clustering + 0.585 * CSV+1.4* Competitiveness1 + 0.70* Competitiveness2 + 1.37* Competitiveness3+ 0.88* Competitiveness4 +1.76* Competitiveness 5+ 1.00* Competitiveness6.

The figure below shows the structural model of the study:

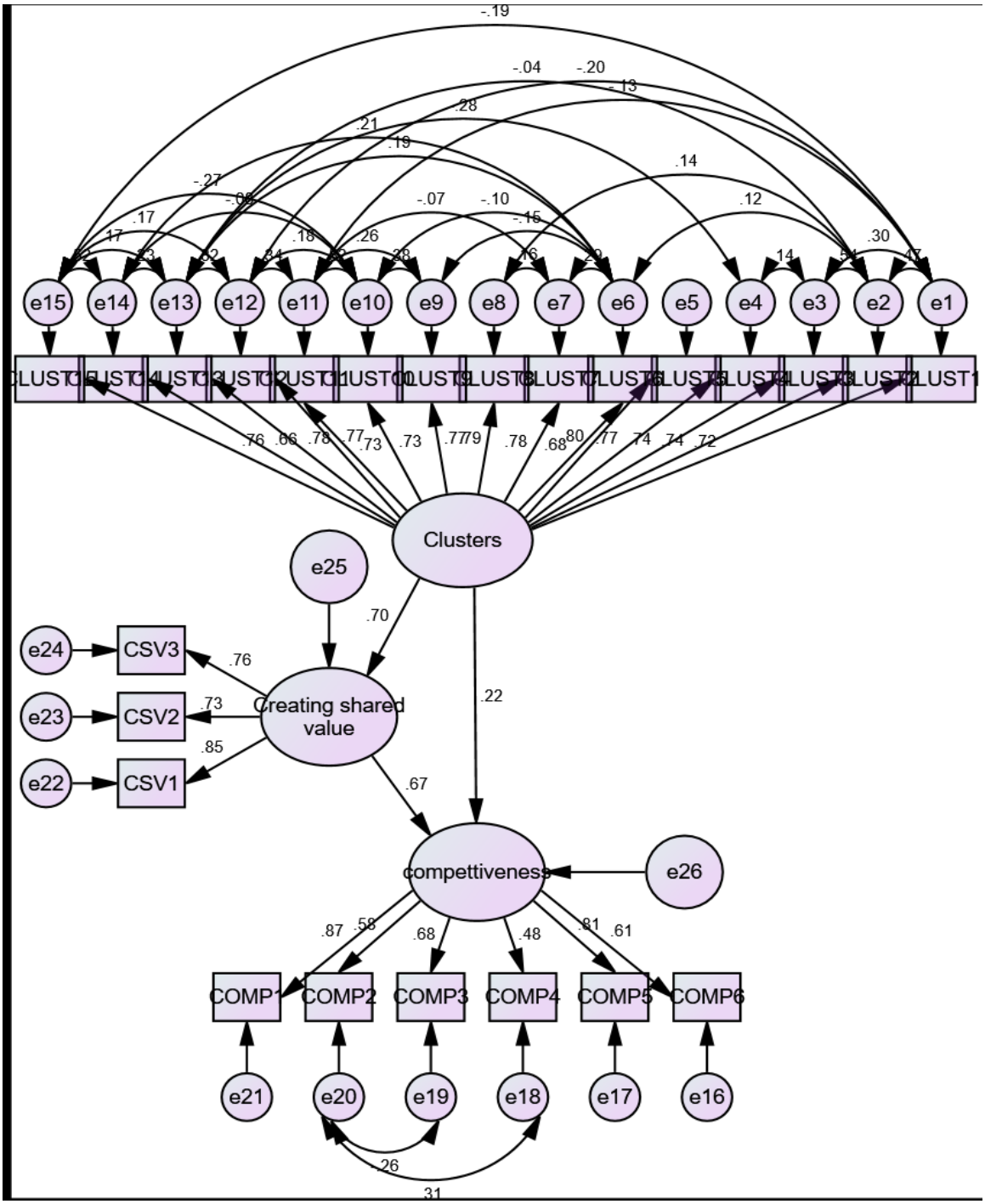

Figure 4.4: Structural Model

The figure above shows the structural model, it is confirmed that the model is strong. And the result of the study proves the theoretical framework that says that improving the competitiveness of the agricultural cluster in Qalqilya through CSV (.67+.7 =1.37) is better and more effective than improving the competitiveness directly through cluster (.22).

4.2.6 Path analysis of study hypothesis

Path Analysis of Study Hypothesis Test, "to examine the study results, direct and indirect (mediatory) and overall impacts of the variables, Bootstrap Data-Resampling Procedure was adopted since it is considered the strongest statistical tool to check direct, indirect, and overall impacts of variables because it is not affected by the sample size in its estimations. This method considers the largest number of random samples along with constant change where the possibility of choosing any sample is equal in each random selection" (Mallinckrodt, Abraham 2006).

We test the full structural equation model using the Bootstrap Data-Resembling Procedure Method for the data, after that, the path analysis in AMOS was performed for hypotheses testing. The researcher presents the overall model fit and the test of each hypothesis.

The research examines the following hypotheses:

H1: Cluster has a significant impact on creating shared value in the Agricultural sector in Qalqilya.

H2: Shared value has a significant impact on improving the competitiveness of the Agricultural sector.

H3: Cluster has a significant impact on improving the competitiveness in Qalqilya Agricultural sector.

H4: Creating shared value is an intermediate variable in the relationship between competitiveness and the Agricultural cluster in Qalqilya.

Table 4.16 shows the path analysis results:

Table 4.16: Parameters estimated for research model

Hypothesis	Path	Standardized Coefficient	S.E.	C.R.	p-value	Result
H1	Clust → Csv	.585	.078	7.539	<0.001	Not reject H1 (Alternative)
H2	CSV → Comp	.585	.101	5.783	<0.001	Not reject H2 (Alternative)
H3	Clust → Comp	.121	.066	1.849	.064	reject H3 (Alternative)

H1: Cluster has a significant impact on creating shared value in the Agricultural sector in Qalqilya

As indicated in the above table the clustering influence on CSV is significantly similar to the first hypothesis (H1) (β=0.585, P-value<0.05). Therefore, the conclusion here is to accept H1.

H2: Shared value has a significant impact on improving the competitiveness of the Agricultural sector.

The above table shows that the Creating Shared value influence on competitiveness is significantly similar to the second hypothesis (H2) (β=0.585, P-value<0.05). Therefore, the conclusion here is to accept H2.

H3: Cluster has a significant impact on improving the competitiveness in Qalqilya Agricultural sector.

As indicated in the above table the Clustering influence on competitiveness is not a significant third hypothesis (H3) (β=0.121, P-value>0.05). Therefore, the conclusion here is to reject H3.

The next includes the analysis of the direct, indirect, and total impact of Clustering (Clust) on competitiveness (Comp) to test H4:

H4: Creating shared value is an intermediate variable in the relationship between competitiveness and the Agricultural cluster in Qalqilya.

Table 4.17: Results of Direct, Indirect, and Total Impact of Research Model.

Independent	Dependent	Standardized estimates		
		Direct Coefficient	Indirect Coefficient	Total
Clust	CSV	0.709		0.709
CSV	Comp	0.706		0.706
Clust	Comp	0.177	0.500	0.677

The above table shows the direct, indirect, and total impact of Clustering (Clust) on competitiveness (Comp). The direct impact of clustering on competitiveness is 0.177 which is not significant, while the indirect impact is 0.500 which is considered as significant, because the indirect impact is larger than the direct one, the relationship between clustering and

competitiveness is fully mediated by the CSV. As a result, this supports the fourth hypothesis (H4).

To test hypothesis H5 using independent sample t-test:

H5: The null hypothesis is that there is no statistical significance difference to Improving the Competitiveness of the Agricultural Cluster by Creating Shared Value strategy: Evidence from Qalqilya Governorate due to (Gender, respondent works).

Table 4.18: independent sample t-test and their p-values to (Gender, respondent works)

		N	Mean	Std. Deviation	T-Test	Sig.
Gender	Male	132	3.1877	.57487	1.601	0.111
	Female	43	3.0148	.72602		
respondent works	Owner	135	3.0986	.59944	1.844	0.066
	Worker	40	3.3026	.65957		

* The mean difference is significant at 0.05 level
** The mean difference is significant at 0.01 level

As indicated in the above table there is no statistically significant difference to improving the competitiveness of the agricultural cluster by creating shared value strategy: Evidence from Qalqilya Governorate due to (Gender, respondent works).

To test the hypothesis H6 using the one-way ANOVA test:

H6: The null hypothesis is that there is no statistically significant difference to Improving the Competitiveness of the Agricultural Cluster by Creating Shared Value strategy: Evidence from Qalqilya Governorate due to (Academic Qualification, Work Experience).

Table 4.19: One Way Anova and their p-values to (Academic Qualification, Work Experience)

	Sum of squares	Mean squares	Degree of freedom	F Test	Sig.

Academic Qualification	Between Groups	1.799	4	.450	1.184	.320
	Within Groups	64.602	170	.380		
	Total	66.401	174			
Work Experience	Between Groups	3.252	3	1.084	2.935	.053
	Within Groups	63.149	171	.369		
	Total	66.401	174			

* The mean difference is significant at 0.05 level
** The mean difference is significant at 0.01 level

The above table shows that there is no statistically significant difference to Improving the Competitiveness of the Agricultural Cluster by Creating Shared Value strategy: Evidence from Qalqilya Governorate due to (Academic Qualification, Work Experience).

Chapter five: Summary, Conclusions, Policy implications, and further research.

5.1 Introduction

This chapter aims to discuss the main results of the study, the conclusions after data analysis, policy and practical implications, and finally, this chapter will also present future studies that are relative to the study subject.

5.2 Summary and discussion of the study results

This section shows the summary and discussion of the results related to study questions and hypotheses.

5.2.1 Summary and discussion of the results related to study questions

Main question:

How to create a shared value strategy for improving the competitiveness of the Agricultural cluster in Qalqilya Governorate?

The findings of the study showed that creating shared value through clustering has an important role in improving the competitiveness of the agricultural sector in Qalqilya and this is by supporting the three dimensions of CSV: economic, social, environmental value.

The result showed that the total value of CSV is moderate, as we relied on determining it on the three-axis of CSV: economic value and social value are moderate while environmental value is high.

The findings indicated that the Competitiveness of the agricultural sector is moderate, based on porter's diamond model, the analysis of responses showed that the farmers see that the factors conditions, demand conditions, related and supporting industries, and the government role are moderate. While Firm strategy, structure, and rivalry, and chance are high.

The results related to the total degree of Benefits and Results of Clustering are moderate this is because that the cluster is newly established in the last two years ago only and this is a short period to measure results. And there is a major obstacle that constrains the development of clustering which is the insufficient public institutions and relevant ministries under the coordination of the cluster and lack of governmental support.

Also, it is clear that farmers don't understand what is the cluster and what the benefits of joining it are.

After data analysis which was discussed in chapter four, the result of the study proves that Creating Shared Value in the Agricultural sector in Qalqilya by clustering increase the competitiveness of the sector (.67+.7 =1.37) more than improving its competitiveness directly through cluster activities only (.22).

Therefore, to improve the competitiveness of this sector, we have to consider reinforcement of Porter's diamond factors by CSV through clustering and enhancing cluster activities by informing and explaining the benefits of clustering to all of the stakeholders.

Specific questions:

- **What is the average economic value in the Agricultural sector in Qalqilya?**

The results showed that the economic value is moderate in the agricultural sector, and this is because the cluster is newly established and can't achieve a good economic value or profits in such a short period

- **What is the average societal value in the Agricultural sector in Qalqilya?**

The results indicated that the social value is moderate due to the simple lifestyle of stakeholders in this sector, Therefore, the farmer's work is based on the experience they gain through work in their own lands. So, they do not care about workshops or training courses or providing workers with insurance, or motivating workers.

- **What is the average environmental value in the Agricultural sector in Qalqilya?**

The results showed that the environmental value is high, and this is logical, due to the nature of agriculture that helps in saving and protecting the environment.

5.2.2 Summary and discussion of the results related to study hypothesis

Main hypothesis:

H*: Adapting the agricultural cluster by creating shared value plays a significant role in improving competitiveness.

This result is likely to be consistent with other previous studies, including Al-Natshe (2020) study, it has been proven that the shared value can be created through the cluster and that CSV improves the competitiveness of the stone and marble sector and that creation of the shared value is an intermediate variable between competitiveness and clustering.

The study examined the possibility of **improving the competitiveness of cluster through CSV**, this hypothesis H* is accepted and the results of this study indicated that creating shared value through the cluster improves the competitiveness of the agricultural sector in Qalqilya and more than if we relied on improving its competitiveness directly through Cluster only.

Specific hypotheses:

H1: Cluster has a significant impact on creating shared value in the Agricultural sector in Qalqilya.

This result is likely to be in harmony with other previous studies. according to the study of Albert and Belfanti (2017), they relied on an exploratory and experimental case study and they succussed in CSV strategy within a cluster initiative to achieve sustainable and collaborative innovation in preventing food waste in Italy. Also, Mena and Zelaya (2013) explored how CSV can contribute to the educational sector through social impact organizations they find that by providing financial products and services those organizations help students to access education programs and create and maximize value for society.

The study emphasizes the possibility of **CSV through clustering**. And this is proven in this study as the results showed that the clustering influence on CSV is significant and the hypothesis is accepted H1.

H2: Shared value has a significant impact on improving the competitiveness of the Agricultural sector.

This result is likely to be consistent with other previous studies, Bdnarski (2019) indicated that a company's competitive advantage is enhanced by addressing social issues to reveal new business opportunities by CSV. Awale and Rowlinson (2015) mentioned that some industries such as construction businesses have social and environmental challenges, and in such situations, firms can embrace and adapt the CSV concept to address the social and environmental issues and achieve long-term competitiveness.

The study examines the impact of **CSV on improving competitiveness.** The hypothesis H2 is accepted, as the findings of this study showed that the creating shared value influence on competitiveness is significant.

H3: Cluster has a significant impact on improving the competitiveness in Qalqilya Agricultural sector.

This result is likely to be inconsistent with other previous studies, as many previous studies such as Liu and Koziol (2011), Awad and Amro (2017), and Quaye and Mensah (2017) presented that there is a positive, direct, and significant relationship between clustering and the achievement of competitiveness and that clusters have spectacular effects and help to push forward the growth and development of regional economics. Also, Derlukiewicz et al. (2020) show that the clusters contribute to smarter and sustainable development by succeeding in technological and scientific results, developing new technologies and innovations. So, firms functioning within clusters companies gain a competitive advantage over other companies because they can benefit from the resources of the cluster and cluster relationships that exist between parties within clusters. Moreover, Biuksane (2016) and Thanh et al. (2021) explored that both internal factors and external factors have a positive and significant impact on a firm's competitiveness and that companies can achieve competitiveness from clustering, clustering can benefit firms by providing access to larger markets, shared networks, and firms are encouraged to be more innovative because there are rivalries firms in the clusters too. This study examined that **cluster has an impact on improving competitiveness**, but the results here showed that the Clustering influence on competitiveness is not significant and the hypothesis is rejected H3. The short period of the cluster project (2 years) may not be sufficient to improve the competitiveness of this sector, as the competitiveness improves clearly in the long run. And that the Cluster did not give the desired results, this may be due to the insufficient public institution and the lack of governmental support that constrain the development of the cluster.

H4: Creating shared value is an intermediate variable in the relationship between competitiveness and the Agricultural cluster in Qalqilya

This result is likely to be consistent with other previous studies, **a**s improving the competitiveness by clustering is possible. Competitiveness can be improved more if the shared value is created as an intermediate variable through clustering. And corresponding to Al-Natshe's (2020) study, it has been proven that the creation of the shared value is an intermediate variable between competitiveness and clustering.

This supports the hypothesis (H4), as the results showed that the relationship between Clustering and competitiveness is fully mediated by the CSV and that creating shared value through the cluster improves the competitiveness of the agricultural sector in Qalqilya more than if we relied on improving its competitiveness through Cluster activities only, and the hypothesis H4 is accepted.

5.3 Conclusions

The results of the study showed that creating shared value through the cluster improves the competitiveness of the agricultural sector in Qalqilya better than if we relied on improving its competitiveness directly through Cluster activities only. Therefore, we conclude that:

- The stakeholders in the agricultural sector are not informed about the cluster's activities and the benefits expected from participating in them and how it can improve the competitiveness of this sector especially if they employ the strategy of CSV.
- The public institutions that work on developing the cluster are insufficient and the governmental support is still weak so the cluster didn't achieve the desired benefits.
- The farmers suffer from the lack of credit facilitations from the financial institutions, so they can't obtain the necessary capital that helps in developing this sector.
- The farmers don't get enough training courses and workshops to improve their skills and experiences, and there is no monitoring on the safety of workplace conditions.
- The consultations of experts in the field of agriculture enhance the farmer's skills and help in increasing productivity.
- Inefficiency and ineffectiveness of enacted laws, regulations, and policies in supporting the agricultural sector.
- Lack of export facilitation to the external markets, which decreases the demand for Palestinian agricultural products.
- Open market policies and lack of import restrictions from the external markets, due to the lack of control on borders, increase the competition in the Palestinian market.
- The poor infrastructure of the agricultural sector constrains the development of this vital sector.

- Weak cooperation between agriculture's stakeholders and related institutions such as the chamber of commerce and agriculture, the agricultural unions, the ministry of agriculture, the ministry of the national economy.

5.4 Policy and practical implications

- All the stakeholders in the agricultural sector must be informed about the cluster's activities and the benefits expected from participating in them and how it can improve the competitiveness of this sector especially if they employ the strategy of CSV.
- The efficiency and capacity of the institutions that work on developing the cluster must be raised and they must be benefited from the experience of other countries and consult experts in this field, to develop a healthy and strong cluster to achieve the desired benefits.
- The government and other Regulators should facilitate the credit and financing procedures from the financial institutions to obtain capital that helps in developing the sector.
- Stakeholders in the agricultural sector should be provided with training courses and workshops to improve their skills and continuous follow-up on the safety of workplace conditions must be done.
- The Ministry of agriculture should employ or contract experts and consultants in the field of agriculture to enhance the farmer's expert and increase productivity.
- New policies should be adopted to ease the procedures and conditions for exporting agricultural products to increase the demand and help these products to reach and compete in the external markets.
- New policies should be adopted to tighten the procedures for importing agricultural products from the external markets to decrease the competition in the Palestinian market.
- The relevant ministries such as the ministry of agriculture, ministry of the national economy, ministry of local government, ministry of public works, and housing, under the coordination of the cluster, should continue to develop the infrastructure to this sector.
- The relevant authorities and institutions such as the chamber of commerce and agriculture, the agricultural unions, the ministry of agriculture, the ministry of the national economy should cooperate with farmers and assist them in promoting and marketing their products through exhibitions and markets.

5.5 Further studies

Future research can be conducted in other fields:

1. The relationship between working in clusters and increasing the competitive advantage of the agricultural products.
2. The effect of clustering on the competitiveness of other sectors. Especially since the Palestinian government launched the " Clusters Development Plan" in May 2019 that aims to enhance this sector and other sectors.
3. The key success factors of enterprises that work in clustering.

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Appendices

Appendix 1: Arabic Questionnaire

جامعة القدس

عمادة الدراسات العليا

كلية ادارة الاعمال

"استبانة"

الاخ الفاضل/الاخت الفاضلة:

تحية طيبة وبعد,

تقوم الباحثة بإجراء دراسة بعنوان:

"فحص تنافسية العنقود الزراعي من خلال خلق استراتجية القيمة التشاركية: حالة دراسية محافظة قلقيلية "

كمتطلب لنيل درجة الماجستير في ادارة الأعمال من كلية ادارة الاعمال – جامعة القدس. قامت الباحثة باعداد الاستبانة المرفقة بهدف جمع المعلومات، حيث ان استكمال الاجابة على كافة الفقرات والدقة في الاجابة ينعكس على صحة النتائج الي ستتوصل اليها الدراسة. علما ان اجاباتكم ستحاط بالسرية التامة وستستخدم لأغراض البحث العلمي فقط.

شكرا لحسن تعاونكم

الباحثة : سحر ذويب

المشرف:د. ابراهيم عوض

القسم الاول : البيانات الشخصية

يرجى وضع اشارة (×) على الحالة التي تنطبق عليك/ي

1. **الجنس**

□ ذكر □ انثى

2. **المزارع**

□ مالك □ عامل

3. **العمر**

□ اقل من 30 □ من 30-40 عام □ من 41-50عام □ من 51- 60 عام □ اكثر من 60 عام

4. **المؤهل العلمي**

□ اقل من ثانوي □ ثانوية عامة □ دبلوم □ بكالوريوس □ دراسات عليا

5. **الخبرات العملية**

□ اقل من 3 سنوات □ من 3-6 سنوات □ من 6- 9 سنوات □ اكثر من 9 سنوات

6. **مكان العمل**

□ مدينة □ قرية □ اخرى، رجاءا حدد ----------

القسم الثاني :خلق القيمة التشاركية

خلق القيمة التشاركية :هي السياسات والممارسات التي تعزز تنافسية الشركة وفي نفس الوقت تحسن الظروف الاقتصادية والمجتمعية والبيئية في المجتمعات التي تعمل فيها وتعزز الروابط بين التقدم المجتمعي والاقتصادي، ويتم خلقها في ثلاث أبعاد الاقتصادي والمجتمعي والبيئي.

يرجى الاجابة على الاسئلة التالية بوضع اشارة (√) في المربع الصحيح بناءا على وجهة نظرك:

الرقم	الفقرة	دائما	غالبا	احيانا	نادرا	ابدا	لا اعرف
خلق قيمة اقتصادية : خلق قيمة اقتصادية لكل اصحاب المصلحة في القطاع الزراعي .							
1	تزرع اصناف جديدة من المحاصيل						
2	تستخدم تكنولوجيا حديثة						
3	تقليل استهلاك المياه						
4	تقليل تكاليف الانتاج من خلال الابداع والابتكار						
5	تزيد الانتاجية من خلال تشغيل الايدي العاملة الماهرة						
6	اسعار المنتجات المحلية تناسب جميع الزبائن						
7	يزيد الطلب على المنتجات المحلية في الاسواق الفلسطينية						
8	يزيد تصدير المنتجات						
9	أجور أعلى للعمال المعينين						
10	يسهل الحصول على التمويل (الحكومي او التبرعات)						
11	يسهل الاقتراض (البنوك او المؤسسات المالية)						

خلق قيمة مجتمعية: اضافة منافع او تقليل الخسائر المجتمعية.							
1	تدريب العمال يزيد انتاجيتهم						
2	تساهم ورش التدريب في تعزيز مهارات العاملين						
3	تحقيق الرضا الوظيفي						
4	تحفيز العاملين						
5	توفير تامين صحي للعاملين						
6	توفير بيئة عمل امنة للعمال						
7	تساوي الفرص المتاحة للعاملين تزيد انتاجيتهم						
خلق قيمة بيئية: من خلال المنتجات والعمليات التي تساعد على تقليل الاثار السلبية او زيادة الاثار الايجابية.							
1	تستخدم تقنيات حديثة لترشيد استخدام المياه(مثل الري بالتنقيط او الري بالمياه المعالجة)						
2	تستخدم تقنيات حديثة في الاسمدة والمبيدات						
3	تستخدم تقنيات حديثة لتقليل تلوث التربة وانجرافها						
4	تستخدم ماكينات حديثة في الزراعة والحصاد						
5	تؤثر جودة التربة في جودة المنتجات الزراعية						
6	تؤثر جودة المياه في جودة المنتجات الزراعية						
7	تستخدم اساليب زراعية صحيحة لحماية الارض (زراعة الاشجار، منع الرعي الجائر ،حماية الارض من الانجراف،حراثة الارض بالطرق الصحيحة،تقليل الاحتباس الحراري)						

القسم الثالث: التنافسية

التنافسية: هي مجموعة من السياسات والعوامل التي تحدد مستوى انتاجية البلد، وبالتالي تحدد مستوى الازدهار الذي يمكن تحقيقه.

يرجى الاجابة على الاسئلة التالية بوضع اشارة (√) في المربع الصحيح بناءا على وجهة نظرك:

الرقم	الفقرة	دائما	غالبا	احيانا	نادرا	ابدا	لا اعرف
شروط العوامل: مدخلات الانتاج الضرورية للعمل في قطاع معين، و تشمل الموارد الطبيعية والبشرية وراس المال							
1	يسهل الوصول والحصول على الموارد المالية لتطوير الزراعة المحلية						
2	يسهل الوصول وبيع المنتجات في الاسواق المحلية						
3	يسهل الوصول للأسواق الخارجية						
4	يسهل الوصول للموارد البشرية المتخصصة في الزراعة						
5	تتوفر المعلومات المتعلقة بالزراعة بسهولة						
6	تتوفر بنية تحتية جيدة للزراعة						
7	التسهيلات الحكومية القانونية تشجع على الاستثمار في الزراعة						
8	تتوفر بذور وأشتال ذات جودة عالية						
9	تتوفر جميع الاسمدة الضرورية في السوق الفلسطيني						

10	تتوفر معظم مدخلات الزراعة في الجانب الفلسطيني						
شروط الطلب: طبيعة الطلب على المنتجات في بلد معين ، وجود طلب يساعد على النمو والابتكار وتحسين الجودة والوصول الى ميزة تنافسية مستدامة مقارن بالمنتجات الاجنبية							
1	تعتقد بان جودة المنتجات الزراعية المحلية عالية						
2	تعتقد ان الطلب عالي على المنتجات الزراعية المحلية في السوق المحلية						
3	يطلب الزبون انواع محاصيل جديدة مثل الاستوائية						
4	تعتقد ان الطلب عالي على المنتجات الزراعية المحلية في السوق االخارجي						
5	سمعة المنتجات الزراعية جيدة محليا ودوليا						
6	يعيق الوضع السياسي التطور الزراعي						
7	يعيق الوضع الاقتصادي التطور الزراعي						
8	تنافس منتجاتك المنتجات الاخرى من حيث السعر						
9	تنافس منتجاتك المنتجات الاسرائلية من حيث الجودة والاصناف						
الصناعات والخدمات ذات الصلة:تعتمد الشركات غالبا على التحالفات والشراكات مع الشركات الاخرى لخلق قيمة اضافية للزبائن ولتصبح اكثر قدرة على المنافسة							
1	تتعاون المؤسسات المحلية مع القطاع الزراعي (مثل الغرف التجارية والاتحادات)						
2	تتعاون المؤسسات الحكومية مع القطاع الزراعي						
3	تتعاون انت مع مشايع ذات علاقة مثل مصانع الاغذية و المطاعم						
4	تساعد استشارة الخبراء على تعزيز الخبرات وانتاجية القطاع الزراعي						
استراتيجية الشركة وهيكلها ومنافسيها:قواعد الشركة التي تشجع على الاستثمار والتنافس والانتاجية.							
1	تستطيع المنتجات المحلية المنافسة في الاسواق الخارجية من حيث الجودة						
2	يعتبر االمنتج المحلي منافس للمنتج الاسرائيلي						
3	تتناسب جودة المنتجات المحلية مع اسعارها						
دور الحكومة:تشجع الحكومة الشركات على رفع قدراتها التنافسية من خلال القوانين والسياسات والتعليمات التي تفرضها.							
1	تعتبر القوانين والسياسات والتعليمات التي تسن في فلسطين داعمة للقطاع الزراعي						
2	تطبق القوانين والسياسات والتعليمات التي تسن في فلسطين						
3	توفر القوانين والسياسات والتعليمات التي تسن في فلسطين فرص عادلة ومتساوية لجميع اصحاب العلاقة في القطاع الزراعي						
4	تضع الحكومة قيود على استيراد السلع الاجنبية						
5	تشجع القوانين المحلية المنتجات المحلية						
الفرص: الاحداث الخارجة عن السيطرة او العشوائية كالحروب والكوارث او الابتكارات والاختراعات او توفر عوامل لا تتوفر في دول اخرى							
1	توفر العمالة الماهرة						
2	توفر العمالة رخيصة الاجور						

3	مناسبة المناخ للزراعة						
4	مناسبة التربة للزراعة						
5	توفر الاسواق القريبة						

القسم الرابع: العناقيد

العناقيد: هي مجموعة من الشركات والمؤسسات المرتبطة والمتصلة ببعضها البعض في مجال معين و القريبة جغرافياً.

يرجى الاجابة على الاسئلة التالية بوضع اشارة (√) في المربع الصحيح بناءا على وجهة نظرك:

الرقم	الفقرة	دائما	غالبا	احيانا	نادرا	ابدا	لا اعرف
1	تخفض تكاليف الانتاج						
2	تسهل الوصول الى موردين جدد						
3	تسهل الوصول لزبائن جدد						
4	تشجع على الابتكار						
5	تساعد في دخول اسواق جديدة						
6	تخلق فرص عمل جديدة في القطاع الزراعي						
7	تساهم في زيادة الانتاجية						
8	تسهل الوصول الى مدخلات الانتاج						
9	تقلل تكاليف المعاملات التجارية						
10	تقلل تكاليف النقل						
11	تقلل تكلفة المواد الخام						
12	تزيد الحصة السوقية						
13	تزيد الميزة التنافسية للمنتجات الزراعية						
14	تساعد في تطوير البنية التحتية الزراعية (مثل شق الطرق الزراعية ، استصلاح وتاهيل الاراضي، واستصلاح الأبار)						
15	تزيد تنافسية الاقتصاد المحلي						

القسم الخامس: اسئلة عامة

يهدف هذا القسم الى قياس جودة الاستبانة.

يرجى وضع اشارة (×) على الحالة التي تنطبق عليك/ي:

1. هل شعرت بان اسئلة الاستبانة مريحة □ اوافق □ لا اوافق
2. هل كانت الاسئلة واضحة بالنسبة لك □ اوافق □ لا اوافق
3. هل استغرقت وقت طويل في اجابة الاستبانة □ نعم □لا
4. هل الاستبانة متسقة □ نعم □ لا
5. هل رأيت ان اسئلة الاستبانة جذابة وممتعة □ اوافق □ لا اوافق

Appendix 2: English Questionnaire

Al-Quds University
Graduate Studies
Administration Business and Economics Faculty
Master of Business Administration

Dear Sir / Madam,

The researcher is conducting this study under the title of:
"**Examining the Competitiveness of the Agricultural Cluster by Creating Shared Value strategy: Evidence from Qalqilya Governorate** ".
As a requirement for a master's degree in Business Administration. The attached questionnaire is prepared for data collection purposes, I hope that you will be able to participate in answering the sections of this questionnaire from your point of view accurately and objectively.

Kindly note that the data collected will be used for scientific research purposes only, and will be strictly confidential.

Thank you in advance

Researcher: Sahar Thwaib
Supervisor: Dr. Ibrahim Awad

First section: Personal Data

Kindly put an (X) next to the box that applies to you

1. Gender
   □ Male □ Female

2. The respondent is
   □ Owner □ Worker

3. Age
   □ less than 30 years □ from 30-40 years □ from 41-50 years
   □ from 51-60 years □ above 60 years

4. Academic Qualification
   □ Primary □ Secondary □ Diploma □ B.A □ M.A

5. Work Experience
   □ Less than 3 years □ from 3 to 6 years □ from 3 to 9 years □ more than 9 years

6. workplace
   □ City □ village □ Other, please specify----------

Second section: Creating shared value (CSV)

CSV: the policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. It focuses on identifying and enhancing the connections between societal and economic progress.

Kindly answer the following questions by ticking (√) in the correct box that reflects your point of view:

NO.	Item	Always	Often	Sometimes	Rarely	Never	Don't know
Creating economic value: creating economic value for all the stakeholders in the agricultural sector							
1	Cultivation of new crops						
2	Use of modern technology						
3	Reduce water consumption						
4	Reducing production costs through creativity						
5	Skilled workers increase productivity						

6	The prices of local crops are suitable for all customers						
7	Increase in demand on local crops inside Palestinian market						
8	Increase in product exports						
9	High wages for hired workers						
10	It is easy to get funds (governmental or donations)						
11	It is easy to borrow (banks or other financial institutions)						
Creating societal value: increase societal benefits or reduce societal losses.							
1	workers training improves their productivity						
2	Conducting workshops for training contribute to providing skilled workers						
3	Achieve job satisfaction						
4	Motivate your workers						
5	Providing workers with insurance						
6	Keep workplace conditions safe						
7	Equal opportunities for workers increase their productivity						
Creating an environmental value: through products and operations that help to reduce negative impact and increase the positive impact							
1	Modern techniques are used to reduce water consumption (e.g., drip irrigation or irrigation with treated water)						
2	Modern techniques used for chemicals and pesticides						
3	Modern techniques used to reduce Soil pollution and drain						
4	Modern machinery used for planting and harvesting crops						
5	Soil quality affects the quality of agricultural products						
6	Water quality affects the quality of agricultural products						
7	using the right agricultural practices that help in conserving lands (e.g., forestation,						

	checking to overgraze, protect the soil from erosion, crop rotation, plowing the land in the right direction, reducing greenhouse gases)						

Third section: Competitiveness

Competitiveness: the set of institutions, policies, and factors that determine the level of productivity of a country, which in turn sets the level of prosperity that the country can achieve.

Kindly answer the following questions by ticking (√) in the correct box that reflects your point of view:

NO.	Item	Always	Often	Sometimes	Rarely	Never	Don't know
Factor conditions: inputs necessary for business, including the natural, capital, and human resources available necessary to compete in a business							
1	It is easy to access and receive financial resources for local agricultural development						
2	It is easy to access and sell in local markets						
3	It is easy to access external markets						
4	It is easy to access efficient human resources specialized in agriculture						
5	Information related to agriculture in Palestine is easily available						
6	The infrastructure for agriculture is available in good conditions						
7	Lega government facilities encourage farmers to invest in agriculture.						
8	High-quality seeds are available						
9	All of the necessary fertilizers are available in the Palestinian market						
10	Many agricultural inputs have to be purchased from the Israeli side						

Demand conditions: the nature of home demand for the industry's products and services. The presence of sophisticated demand conditions from local customers pushes companies to grow, innovate, improve quality and achieve more sustainable competitive advantages than their foreign rivals.							
1	The quality of the local agricultural products is high						
2	There is a high demand for local agricultural products in the local market						
3	Customers demand new kinds of crops such as tropical crops						
4	There is a high demand for local agricultural products in the external market						
5	The reputation of our agriculture products is good locally and internationally						
6	The political situation constraints the agricultural situation						
7	The economic situation constraints the agricultural situation						
8	Prices of your products are competent prices						
9	The quality and kinds of your products are competent with Israeli products						
Related and supporting industries: companies are often dependent on alliances and partnerships with other companies to create additional value for customers and become more competitive, especially suppliers.							
1	There is a cooperation between local institutions such as the chamber of commerce and agriculture and unions with farmers						
2	There is a cooperation between governmental institutions and farmers						
3	There is a cooperation between you and other enterprises such as food factories or restaurants						
4	Consulting experts helps to improve your experience and business productivity						

Firm strategy, structure, and rivalry: the national context in which companies operate determines how companies are created, organized, and managed, it affects their strategy and how they structure themselves							
1	The quality of the local agricultural products can compete in the external markets						
2	The local agricultural products can compete with Israeli products						
3	The quality of the local agricultural products is commensurate with their price						
Government role: governments should encourage and push companies to raise their levels of competitiveness. This can be done through different means such as policies, strategies, rules, regulations, taxation, etc							
1	The laws, regulations, and policies enforced in Palestine are supportive of the agricultural sector						
2	The laws, regulations, and policies enforced in Palestine are implemented						
3	The laws, regulations, and policies enforced in Palestine provide equal opportunities for all stakeholders in the agricultural sector						
4	The government put restrictions on the import of foreign products						
5	The local regulations encourage the local products						
Chance: the occurrences that have less to do with such external events (war and natural disasters) which can negatively affect or benefit a country or industry, It also includes random events such as big reform and breakthroughs that occur as innovation, technology, and knowledge transfer							
1	Skilled labor is always available						
2	Cheap labors are available						
3	The climate is suitable for agriculture						
4	The soil is suitable for agriculture						
5	Close markets are available						

Fourth section: Clusters

A cluster: is a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities

Kindly answer the following questions by ticking (√) in the correct box that reflects your point of view:

NO.	Item	Always	Often	Sometimes	Rarely	Never	Don't know
1	Reduce the cost of the product.						
2	Facilitate reaching new suppliers.						
3	Facilitate reaching new customers						
4	Encourage innovation						
5	Helps to enter new markets.						
6	Create job opportunities in the sector						
7	It helps to increase productivity						
8	Facilitate obtaining inputs for productivity						
9	Reduce the costs of commercial transactions.						
10	Reduce costs of transportation						
11	Reduce row materials costs						
12	Increase market share						
13	Increase the competitive advantage of agricultural products						
14	Helps in agricultural Infrastructure improvement						
15	Increase the competitiveness of the domestic economy.						

Fifth section: General questions

This section is developed to measure the quality of the questionnaire.

Kindly put an (X) next to the box that applies to you

1. Do you feel that the study questions are comfortable □ Yes □ No

2. Is the study questions clear □ agree □ disagree

3. The questionnaire took you long- time to complete □ Yes □ No

4. Are the questions consistent □ Yes □ No

5. Is the questionnaire attractive □ agree □ disagree

Thank you

Appendix 3: Study population

State of Palestine
Ministry Of Agriculture
هاتف: 09/2942821

مديرية زراعة محافظة قلقيلية

دولة فلسطين
وزارة الزراعة
فاكس: 09/2942821

الرقم ع.ق /16/ 495
التاريخ: 2021/07/5

الأخ مدير عام التنمية والتخطيط/محافظة بيت لحم المحترم

تحية طيبة ...

الموضوع : اعداد المزارعين في محافظة قلقيلية

يرجاء سعادتكم العلم انه وبناءا على كتابكم الوارد الينا بتاريخ 2021/6/27 حول اعداد المزارعين في محافظة قلقيلية فانه وحسب تقديراتنا وبناءا على خبرتنا مع المزارعين وحسب الاحصائيات فان اعداد المزارعين على النحو التالي :-

1-الثروة الحيوانية

- مزارعي الأغنام 725 مزارع.
- مزارعي الابقار 60 مزارع.
- تسمين عجول 20 مزارع.
- دواجن لاحم 120 مزارع.
- دواجن بياض 80 مزارع.
- نحل 150 مزارع.

2-الإنتاج النباتي

- خضار محمية 700 مزارع.
- خضار مكشوفة 200 مزارع.
- بساتة شجرية 1000 مزارع.
- زيتون 2500 مزارع.

وتفضلوا بقبول فائق الاحترام والتقدير

م.احمد فتحي عيد
مدير عام زراعة محافظة قلقيلية

Appendix 4: Arabic abstract

فحص تنافسية العنقود الزراعي من خلال خلق قيمة تشاركية حالة دراسية: محافظة قلقيلية

اعداد الطالبة: سحر محمد احمد ذويب

اشراف الدكتور: ابراهيم عوض

ملخص:

هدفت هذه الدراسة إلى فحص امكانية قيمة تشاركية لتعزيز تنافسية القطاع الزراعي من خلال العناقيد في محافظة قلقيلية. لتحقيق أهداف هذه الدراسة تم استخدام المنهج الوصفي التوضيحي، و تم تطبيق المسح الشامل على جميع أفراد مجتمع الدراسة والبالغ عددهم 4000 مزارع، ضمت عينة الدراسة 350 مزارع وتم استرجاع 175 استبيان.

قامت الباحثة بإعداد استبانة كأداة رئيسية للحصول على البيانات اللازمة لهذه الدراسة، و تم جمع البيانات ومعالجتها إحصائيا باستخدام برنامج الرزم الاحصائية للعلوم الاجتماعية SPSS حيث تم استخدام نموذج "معادلة النموذج البنائي" "SEM".

توصلت الدراسة الى عدد من النتائج اهمها: ان خلق قيمة تشاركية من خلال العناقيد يعزز تنافسية القطاع الزراعي اكثر من تعزيز تنافسية هذا القطاع من خلال العناقيد مباشرة، مما يعني ان خلق القيمة التشاركية يعمل كمتغير وسيط بين التنافسية والعناقيد و ان نموذج الدراسة المقترح صحيح وموثوق. وبينت النتائج ان توجهات المزارعين نحو خلق قيمة تشاركية متوسطة، وان قدرة هذا القطاع على المنافسة متوسطة كذلك يرى المزارعين ان الفوائد من انشطة العنقود متوسطة. واظهرت النتائج بانه لا توجد فروق ذات دلالة إحصائية بين (الجنس وعمل المجيب) و(المؤهلات العلمية والخبرات العملية) وبين تعزيز تنافسية العنقود الزراعي من خلال خلق قيمة تشاركية في محافظة قلقيلية.

في ضوء نتائج الدراسة، اوصت الدراسة بضرورة تعزيز نموذج بورتر للتنافسية المكونة من شروط العوامل (المدخلات)، شروط الطلب، القطاعات ذات الصله والمساعدين، استراتيجية وهيكل وتنافس الشركة، دور الحكومة والفرص، لخلق قيمة تشاركية من خلال العنقود لتعزيز تنافسية القطاع الزراعي في قلقيلية لاهميتة للاقتصاد الوطني الفلسطيني، كذلك يجب على الحكومة تعزيز كفاءة وفاعلية المؤسسات العامة العاملة على تطوير العنقود ليكون صحي وقوي وقادر على تحقيق الفوائد المرجوة.