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Clustering for Competitiveness in the SME's in Hebron: A Structural Equation Modeling Analysis (SEM)

Alaa Ali Ahmad Amro

M.A. Thesis

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Clustering for Competitiveness in the SME's in Hebron :

A Structural Equation Modeling Analysis (SEM)

Prepared By:

Alaa Ali Ahmad Amro

B.Sc: Contemporary Business Administration / Palestine Polytechnic University / Palestine

Suprvisor: Dr. Ibrahim M. Awad

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Thesis Approval

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Prepared By: Alaa Ali Ahmad Amro

Registration No: 21320058

Suprvisor: Dr. Ibrahim M. Awad

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The names and signatures of the examining committee members are as follows:

1- **Head of committee: Dr. Ibrahim M. Awad** **Signature** ....
2- **Internal Examiner: Dr. Rashid Jayousi** **Signature** ....
3- **External Examiner: Dr. Suhail Sami Sultan** **Signature** ....

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Dedication

الى الرسول الاعظم والمعلم الاكرم،،، محمد بن عبد الله عليه الصلاة والسلام

To the greatest profit**" Mohammad "**

الى روح والدي العزيز (علي احمد عمرو) في مستقر رحمة ربه،،،الذي رباني صغيرا

وتعهدني كبيرا ،،، صدى صوتك ما زال يرن في اذني

To my beloved and dear father **(Ali. A. Amro)** in his rest place, may Allah " the greatest have a big mercy on him",,,,, who raised when I was a child, and when I grew up,,,,, Your sound still in my ears

الى امي الحنون ،،، دعواتك تحفظني

To my beloved and kind mother ,,,,, may your prayers protect me

الى اخواني واخواتي ،،، نبع المحبة

To my brothers and sisters ,,,,,with great love

أهدي بحثي المتواضع املا من الله عز وجل أن يتقبله مني ويجعله في ميزان حسناتي يوم لا ينفع مالا ولا بنون الا من اتى الله بقلب سليم

I hope Allah the greatest to accept my simple report and keeping it record to the end day, in which nobody benefits anyone else but who comes with clean and clear heart.

With all my love and respect

Alaa Ali Ahmad Amro

بسم الله الرحمن الرحيم

In the Name of God, the Compassionate, the Merciful

"قَالُوا سُبْحَانَكَ لَا عِلْمَ لَنَا إِلَّا مَا عَلَّمْتَنَا ۖ إِنَّكَ أَنتَ الْعَلِيمُ الْحَكِيمُ"

صدق الله العظيم
سورة البقرة الاية (32)

They said: "Glory to Thee, of knowledge We have none, save what Thou Hast taught us: In truth it is Thou Who art perfect in knowledge and wisdom.

"شَهِدَ اللَّهُ أَنَّهُ لَا إِلَٰهَ إِلَّا هُوَ وَالْمَلَائِكَةُ وَأُولُو الْعِلْمِ قَائِمًا بِالْقِسْطِ ۚ لَا إِلَٰهَ إِلَّا هُوَ الْعَزِيزُ الْحَكِيمُ"

صدق الله العظيم
سورة ال عمران (18)

There is no god but He: That is the witness of Allah, His angels, and those endued with knowledge, standing firm on justice. There is no god but He, the Exalted in Power, the Wise.

"يَرْفَعِ اللَّهُ الَّذِينَ آمَنُوا مِنكُمْ وَالَّذِينَ أُوتُوا الْعِلْمَ دَرَجَاتٍ وَاللَّهُ بِمَا تَعْمَلُونَ خَبِيرٌ"

صدق الله العظيم
سورة المجادلة (11)

Allah raises up in ranks those who believed among you and those who have been given knowledge. Allah is aware of what you do.

Declaration:

I certify that this thesis submitted for Master Degree, 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:

Alaa Ali Ahmad Amro

Date: 12/ 07/ 2016

Acknowledgement

I thank Allah the greatest for all his good and help.

I would like to express my deepest gratitude to my supervisor, **Dr. Ibrahim M. Awad**, who suggested the subject of my thesis and who made great effort to guide me throughout my studies. This project would not have been possible without his continuous guidance and support. I would like to express my deep appreciation and gratitude to **Dr. Suhail Sultan** who contributed and encouragement me during my thesis. I gratefully acknowledge the help of **Mr. Mohammed AF. Husian** who supported me during my thesis.

I would like to thank and express my appreciation to my colleagues in work and study. I would like to express my appreciation to all doctors taught me during my study. I gratefully acknowledge the help and the encouragement of my colleagues and my faithful friends.

To all Muslims who care about Islam and The holly Quran.

To all who scarified with their bloods and soils for beloved Palestine.

Last but not least, I would like to extend my thanks to my father **(Ali. A. Amro),** my brothers and lovely sisters for their kind concern and encouragement.

My deepest and unending thanks go to **(my mother)** for her enthusiasm and support that cheered me up when my spirit lagged, eyes blurred, and typing fingers grew numb.

Abstract:

Hebron city is known as “Khalil Al-Rahman City”. It’s numerous features are unique and have made it a significant destination for tourists from all over the world. Hebron also it contains many traditional craft industries, which include shoes and leather industry.

Working in a cluster is an efficient and effective way to enhance the competitiveness of shoes and leather firms. Firms in the cluster area have greater ability to access larger local markets, and they are encouraged to be more innovative because there is rivalry amongst firms in the cluster.

There are two main motivators for doing this thesis. First, this thesis aims to map the existing cluster in the leather & shoe sector as a tool to improve its competitiveness. Second, the study aimed to identify and determine the factors of competitiveness of the SMEs working in processing the leather & shoe sector in Hebron and determine the factors that need improvements in order to improve the level of competitiveness of these SMEs.

A combination of quantitative and qualitative methods- mixed methodology- was used in this research. The researcher randomly selected and distributed 131 questionnaires to the companies working in the shoes and leather sector. The questionnaire was addressed to the owner/manager of the firms that were selected.

The results of the research show that the Palestinian shoes and leather cluster sector is vital and strong and the performance of shoes and leather firms working within the cluster is very vital and strong. Additionally, the results show a positive and strong relationship between working in a cluster and enhanced competitiveness achieved through this technique. Working in a cluster has been shown to promote productivity, innovation and competition in a number of ways, e.g., the reduced cost of sharing resources, the critical mass created by having a pool of specialized skills, expertise and value-added products. The cluster also enhances economic foundations such as a skilled workforce, research and development capacity and infrastructure; and thus creates assets such as trust, synergy, collaboration and cooperation, which are all essential for competitiveness and business sustainability.

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Abbreviations

GDP: Gross Domestic Product.

Chap: Chapter

MSEs: Micro and Small Enterprises

BDS: Business Development Service

CDA: Cluster Development Agent

Trans: Translator (s)

No: Number

SEM: Structural Equation Modeling Analysis

AMOS: Analysis of Moment Structures

LSCM: Leather and Shoes Cluster Model

LFS: Leather and Footwear Sector

CHAPTER ONE

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CHAPTER ONE

ORIENTATION

1.1.Rationale

Small and Medium Sized Enterprises (SME's) play an important role in achieving economic growth and development in developing countries, where contribute to these projects in employment generation and poverty reduction, and achieving a just and broader wealth and economic opportunity distribution. (Cluster, 2015)

SMEs forms about 99.8% of all enterprises in Palestine; 85% of employment and about 55% of addition value, leather and apparel products forming 15.1% of all employment and 12.3% of the industrial businesses,(PCBS, 2014).

According to Palestinian Central Bureau of Statistics (PCBS), Leather and Footwear Sector (LFS) contribution in total Gross Domestic Product (GDP) is %1 of the overall of Palestinian industry in general and forms about 75% of industry in Hebron. Which makes shoes industry as one of the most important promising industries that may join effectively in improving the Palestinian income in general. (PCBS, 2014).

The Palestinian leather and footwear sector is one of the most important national industrial sectors due to its contribution to industrial production, employment and export.

Historically, the industry was concentrated heavily in Hebron, followed by Nablus and Bethlehem. At the peak of the economic activity in the mid-nineties (the golden period), this sector was made up of 1,000 companies, employed 10,000 workers and produced nearly 13 million pairs of shoes annually. (Ministry of National Economy in Palestine,2014). Currently, the leather and footwear sector consists of approximately 230 registered footwear manufacturing companies.

Regarding staffing levels, which have been fixed to nearly 2,500 workers, accounting 88% in the footwear industry, this level represents a significant decrease compared to the period leading up to the year 2000 in which the sector employed nearly 10,000 workers. The annual production has been fixed at four million pairs of shoes, which reflects a decrease in production by 70% compared to the period leading up to the year 2000 due to the second intifada that erupted in September 28th , 2000. (cluster,2015).

Table 1.1:-Key economic data (Palestinian Central Bureau of Statistics (PCBS))

Palestinian Shoe and Leather Sector				
Criterion	1990	1999	2009	2013
No. footwear firms	1,200	1,000	230	300
No. tanneries	4	-	12	10
No. persons employed	40,000	10,000	2,500	4,000
No. pair shoes produced	-	13 million	4 million	-
No. pair shoes produced per person per year	-	1,300 (calc'd)	1,600 (calc'd)	-
Capacity utilization	-	-	30% (est.)	-
Investment	US$ 220m	-	US$ 70-120m	-
Contribution to GDP	-	-	1%	-

Source: (PCBS, 2014) , (cluster, 2015)

This research discusses spreading cluster in competition, how it affects companies have competition. Studies have shown it has a big role in developing competition in industry and production quality. However, literature has focused on cluster idea and relationships, and its competitive benefit.

Cluster was first known and used by Michael Porter (1990), Harvard Business School. A cluster is a series of industrial firms connected together in order to produce services and goods.

In addition, companies must take decisions and apply clustering because it affects firms. To do that, they must have bigger relationships, resources, knowledge, technologies, information and infrastructures in clusters that can cause better effects(Hoffmann, 2011).

Also, industrial clusters can be a system as a network to adapt and change markets and technologies in an organization (Niu, 2012). Governments and planners are using industrial clusters because they lead to better benefits (Marshall, 1890).

These days, developing countries should find new ways or techniques at companies that reduce costs and increase production. That can enable companies to be competitive, so, this research focuses on extending cluster management in competition in Palestine as one of developing countries.

The cluster is now used by Ministry of National Economy and Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA). The goal of the project is to have a competition between local companies and small businesses to increase their share in the markets and to have markets to export the goods.

Leather and shoe cluster (LSC) is part of a more wide case that included different Private sector organizations, public organizations, financial organization, BDS providers, Educational organizations, and the cluster members.Leather and Shoe Cluster is one of five clusters that receive support from Private Sector Development cluster Project (PSDCP) implemented by Ministry of National Economy in partnership with (FPCCIA) with funding from French Development Agency.

Table 1.2:- Clusters and locations in Palestine.

Num	Location	Clusters
1	Salfit	Furniture
2	Southern Hebron and Bethlehem	Stone and marble
3	**Hebron**	**Leather and shoes**
4	Gaza	Palm trees
5	Jerusalem	Tourism and creative arts

Source: (Ministry of National Economy in Palestine,2014)

Leather and Shoe Cluster started with a core group member of 18 SMEs across the leather and shoe value chain in Hebron in 2013. Since then, the cluster has expanded to include around 80 active members with inclusive representation for the whole value chain like tanneries, chemical suppliers, accessories suppliers, designers, mold makers, sole makers, last makers, shoes manufacturers and retailers.The cluster is responsible for the production of unique leather and shoes that are handmade and of distinctive high-quality material. This accounts for 75% of leather and shoe industry in Palestine.

With support from PSDCP, a cluster manager has been recruited and hosted at Hebron Chamber of Commerce and Industry (HCCI) as one of active supporting institutions for the Leather and Shoes Cluster. This aimed to animate cooperation between cluster members and concerned stakeholders through collective projects toward enhancing the cluster members' competitiveness and market access as well; recently, the cluster strategy was scoped out using participative bottom up approach following to a long diagnosis study that was carried out by the cluster manager.

The abovementioned data show that working in a cluster is an efficient and effective way to enhance competitiveness of firms working in leather & shoe sector. Firms in the cluster have greater ability to access larger local markets, and they are encouraged to be more innovative because there are rivalries amongst firms in the cluster (Porter, 1990).

However ,the study, using structural equation modeling analysis (SEM), focuses on the evaluation of the impact of cluster and other variables on 131 small- and medium-sized firms (SMEs), located in Hebron (Palestine), operating in leather and footwear sector.The impact of the factors identified from the application of the SEM on the (SMEs) competitiveness is assessed econometrically.

Having this in mind, the study will help in indicating the effect of cluster management on competitiveness, taking the leather and shoe cluster as a case study by implementing the theories and knowledge gained through this study. This research will share all the experience gained through implementing the clustering concept.

There are two main motivators for doing this thesis. First, this thesis aims to map the existing cluster in the leather & shoe sector as a tool to improve its competitiveness. Second, the study aimed to identify and determine the factors of competitiveness of the SMEs working in processing the leather & shoe sector in Hebron and determine the factors that need improvements in order to improve the level of competitiveness of these SMEs.

This chapter discusses the research problem, objective, questions, hypotheses, methodology and the overview of the contents of the chapters. Details on the research methodology are presented in Chapter three.

1.2. Research Problem, Objective, Importance and Justifications of the Study, Questions, Hypotheses, Boundaries, Limitations, Ethical Consideration, Definition of Key Terms and Structure of the Thesis

1.2.1.Problem Statementof the study.

SME's generally faces many risks, still lacks many of the competitiveness of the conscious elements of management , skilful workers, advanced machines and equipment, the production and efficient marketing systems .

In light of the increasing competition, both in the domestic market and international, and to overcome these risks, it has become a decisive issue in the economy,on that basis, it was necessary to search for a new way to improve its performance. This form has emerged in the form of "industrial clusters".

This research investigates the extend of clustering on enhancing the competitiveness, and questions effect of industry clusters on companies competitiveness.

Many studies indicated that clustering plays an important role in improving competitiveness of industry and its product quality. The literature on clustering has concentrated on the cluster concept and the cluster competitive advantage .

Nowadays companies are striving to obtain an advantage over their competitors by providing distinct products and services. Distinction could be attained by providing through one or more of the following approaches: higher quality of products and services; meeting special needs of market segments; and providing products and services at a lower price(McLeod & Schell, 2006). Competitor-collaborator relationships exist between companies that produce the same or similar goods and services at a specific level in the value chain.

In order to compete nowadays within the new globalisation, companies must design and offer better products and services and improve themselves (Taj& Morosan, 2011) every company has a tremendous opportunity to deliver higher quality products at a significant lower cost. According to (Porter M., 1990)industrial competitive advantage canbe created by clustering which will affect economy as competitive advantage cannot be created by a single firm alone.

In this study, the researcher will examine relationship between working in a cluster and enhanced competitiveness on SMEs working in processing leather and footwear sector.

1.2.2. Importance and Justifications of the Study

This study is to shed light on the role of clusters of SME's and competitiveness of companies by pooling those industries in one place with the presence of supporting industries and nutrients for the production of a single product, and then break into global markets and withstand competition in the local market, and promote the economic sector.

Toward that end, the study will introduce important information on:

1. The importance of this subject in the development & Policy makers.
2. The lack of previous studies; This study is one of the few in the developing countries and the only study in Palestine that has utilized SEM Model for assessing competitiveness of the Palestinian leather and footwear sector through clustering
3. The contribution of this study is of twofold importance:
   3.1. The findings come from a primary research: the way the dataset is constructed allows us to capture the local firms' perceptions and opinions about the factors that affect the competitiveness dynamics of the firm under investigation.
   3.2. The relationship between local business environment and competitiveness in Hebron has drawn a limited amount of research in the past, thus the present analysis contributes to the literature regarding the competitiveness determinants in the area of interest.
4. The researcher hopes that the policy-making institution may find this document a valuable addition to their cluster agendas in order to re-design policies intended to help SME's clusters.

1.2.3. Aim and Objectives

1.2.3.1 Aim

In the recent years, clusters are considered to be an important factor in enhancing the economic development worldwide, where many governments and strategy development institutions regard clusters as potential drivers for the development of companies, and enterprises, and increase of innovation, and innovative activities within a specific area, or economic sector. (UNIDO, 2013)

The main objective of this research is to discuss the impact of clustering on the competitiveness of these SMEs, and to determine the factors of competitiveness of the SMEs working in leather and footwear sector in Hebron city and determine the factors that need improvements in order to improve the level of competitiveness of these SMEs. These factors are determined based on the porter's diamond model (1990) to provide information for policy makers.

1.2.3.2 Specific objectives

The specific objectives that drove the research process are:

1. To take stock of the SMEs cluster development in Palestine.
2. To identify success factors of cluster development and seek ways of how the cluster development initiative in the SMEs sector could bring about these success factors.
3. To identify the strategic and management challenges of cluster development and to know how these can be addressed.
4. To identify key players in the cluster development process and analyze their contribution towards creating conducive environment for the cluster
5. To recommend a suitable cluster development framework for SMEs in Palestine, based on the findings
6. To prove that implementation of clustering concept add a competitive advantage to the SMEs working in processing the leather and footwear sector
7. To identify howclustering increases the competitive elements of the SMEs working in the leather and footwear sector
8. Ti find out to what extent does leather and footwear industrial sector implement the clustering concept.

1.2.4. Research Questions

Specifically, this study addresses the following research questions:

1. Does clustering for small and medium sized companies affect the process of achieving competitiveness?
2. What is the role of clustering in achieving competitiveness?
3. Are companies improvement within the surrounding environment, based on Porter Model, considered sufficient to achieve competitiveness?.Are there any role for BSC mediator that links current situation of companies' performncae with achieving competitiveness?. In addition to the involvement and non-involvement in clustering?

1.2.5. Research Hypotheses

In view of the aforementioned questions, the research examines the following hypotheses, and the relationship model "SEM" was used to testify this hypothesis.(For more information chap.(3)).

H1: performance is positively related to Competitiveness of SMEs working in processing the leather and footwear sector.

H2: performance is positively related to Balance Score Card of SMEs working in processing the leather and footwear sector.

H3: Balance Score Card is positively related to Competitiveness of SMEs working in processing the leather and footwear sector.

H4: Balance Score Card is a mediator in the relationship between performance and Competitiveness of SMEs working in processing the leather and footwear sector.

H5: Clustering is a moderator in the relationship between performance and Competitiveness of SMEs working in processing the leather and footwear sector.

1.2.6. Scope and Boundaries of the Study

This study underwent the following boundary:

1. **Scope:** in this study, the researcher will examine relationship between working in a cluster and enhanced competitiveness.

1. **Human boundary:** This study will focus on managerial and owners in shoe and leather firms.
2. **Regional boundary:** This study will focus on leather and footwear sector in Hebron
3. **Time boundary:** the data will be related to the collection of this study during the second semester of the academic year 2016/2017**.**
4. **Study Population and Sample:** The total number is (262) firms; 12 firms in tanneries, 10 firms in shoe raw material supplies, 15 firms in designers, 200 firms in manufacturing, 25 firms in market. **Sample size** = 50% of population documentation,(Saunders,et.al., 2009), the total number of sample is (131) firms.

1.2.7. Limitations and obstacles of the study

1. Survey:for more accurate and reliable data the researcher collected data himself by visiting the respondents personally.
2. For the Palestinian firms, the clustering concept may be relatively new and this may cause a bias in the data gathering, consequently in the interpretation and the conclusion.
3. The difficulties in determining the accurate number of the SMEs that are working in processing leather and footwear sector in the Hebron city; different sources provide different information. That is why the researcher was very cautious in selecting the reliable source of information.
4. There is a lack of documentation and informality of business in the small sized enterprises in Hebron city. Yet, there is no enough studies in Palestine handled this subject, therefore, we will consider external studies to enhance the technique used in our study.

1.2.8. Ethical Consideration

In this section, the researcher represents a number of ethical consideration that were taken into account through this study.

1. The researcher took appropriate measures to ensure that research would cause no physical or psychological harm to research participants. As a general rule, the study did not raise any ethical concerns.
2. The researcher promised to report the outcomes of the research honestly and completely, and he did not mislead the others about the findings nature. Without any circumstances, he or she was able to have data in order to support the conclusion. The specific credit given to another individual idea is mandatory (Leedy & Ormrod, 2005).Therefore, other person or organization materials were acknowledge.
3. The participants were informed about the study nature and their consent was asked to join by the researcher. (Leedy & Ormrod, 2005)suggested a popular practice in order to offer a form of written consent to describe the project nature and an individual aim. However, because for practical reasons like (budget and time matters) the researcher had to follow the practice that was suggested to inform the participants by talking. They told other participants, that they could withdraw from the study whenever they want if they accept. The only organizations that were able to reach the interview were those volunteered to participate.
4. Select the analysis materials carefully.
5. You should quote from forms studies without plagiarism
6. Elements sample should be creatively representative.
7. The scientific secretariat should be considered when making a document, and data from sources should be transferred, also references have to be oral or written.
8. Keeping secrets, interviews will be held with people or individuals with mentioning their names to express himself honestly. The interview will be confidential, and its information will not be published for the scientific research purposes and to get the results, also, to evaluate the recent situation.

1.2.9. Definition of Key Terms

Cluster– clusters are geographic concentration of interconnected companies and institutions in a particular field.(Porter M., 1998).

Competitive Advantage: a firm experiences a competitive advantage when its actions in an industry create economic value and when few competing firms are engaging in similar actions. However, optimizing short-term profitability does not necessarily ensure optimal shareholders returns since shareholder value represents the net present value of expected future earnings. (Sultan, 2007).

Competitiveness: The World Economic Forum's Global Competitiveness Report defines competitiveness as "the set of institutions, policies, and factors that determine the level of productivity of a country (Global Competitiveness report,GCR, 2015).

In my thesis, competitiveness might be defined to be achieved through creation, growth, and entrepreneurship for small and medium sized companies through measuring the following:

1. Learning and growth dimension and employees' ability of improvements and other additions on the product.
2. It also includes the percentage of introducing new products and types (categories) which also depends on the relationship between the supplier and customers.
3. The period needed by the company to introduce new products. This process depends on information systems available in the company

Competitive Factors: it discusses the competitive factors considered by Porter (1979,1980, 1985, 1990). In particular, it discusses the factor conditions, demand conditions,related and supporting industries and Porter's five competitive forces.

SME's : (Storey, 1994) defines the SMEs as follows: (a) enterprises with a relatively small share of their market; (b) managed by owners or part-owners in a personalized way, and not through the medium of a formalized management structure; and (c) acting as separate entities, in the sense of not forming part of large enterprise or group. While it is acknowledged that using the number of employees as a measure of firm size may create a number of anomalies.

Leather and Shoes Cluster Model (LSCM): has been developed. The board of the model is led by the related ministries and authorities in a consensus framework with involved organizations (professional associations, educational-training, technical and financial support organizations and related ministries). It is essential that the management of the Leather and Shoes cluster should be independent. This cluster serves as a gateway to the capacities of the sector and of the individual companies. (Cluster, 2015)

Leather and Footwear Sector (LFS): The Palestinian leather and footwear sector is one of the most important national industrial sectors, due to its contribution to industrial production, employment and export. Historically, the industry was concentrated heavily in Hebron, followed by Nablus and Bethlehem. At the peak of the economic activity in the mid-nineties (the golden period), this sector was made up of 1,000 company, employed 10,000 workers and produced nearly 13 million pairs of shoes annually. Currently, the leather and footwear sector consists of approximately 230 registered footwear manufacturing company.(Cluster, 2015).

1.2.10. Structure of the Thesis

The thesis work is organized and structured as follows.

In this chapter **(Chap. one)**, background of the study was presented. This was followed by country context and articulation of the problem statement. Next, the research objectives and questions were stated followed by the scope and boundaries. Finally, the significance of the study, the limitations and the definitions of the key terms were provided.

- **Chapter Two** presents the theoretical framework and the literature review, which describes the competitiveness of clustering found in literature.
- **Chapter Three** discusses the methodology of the research. This is a detailed explanation of the research approach and design used to address the research objectives of this study.
- **Chapter Four** presents the results of the qualitative and quantitative research. A profile of the case is first given before going into the details of the findings.
- **Chapter Five** is a follow-up to the research results in chap. 4. Here discussions, conclusions as well as the recommendations are made based on the findings.

CHAPTER TWO

Theoretical Framework & Literature Review

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2.1.2. The Leather and Shoe Sector in Palestine

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2.2.10. Summary

2.3. Literature review

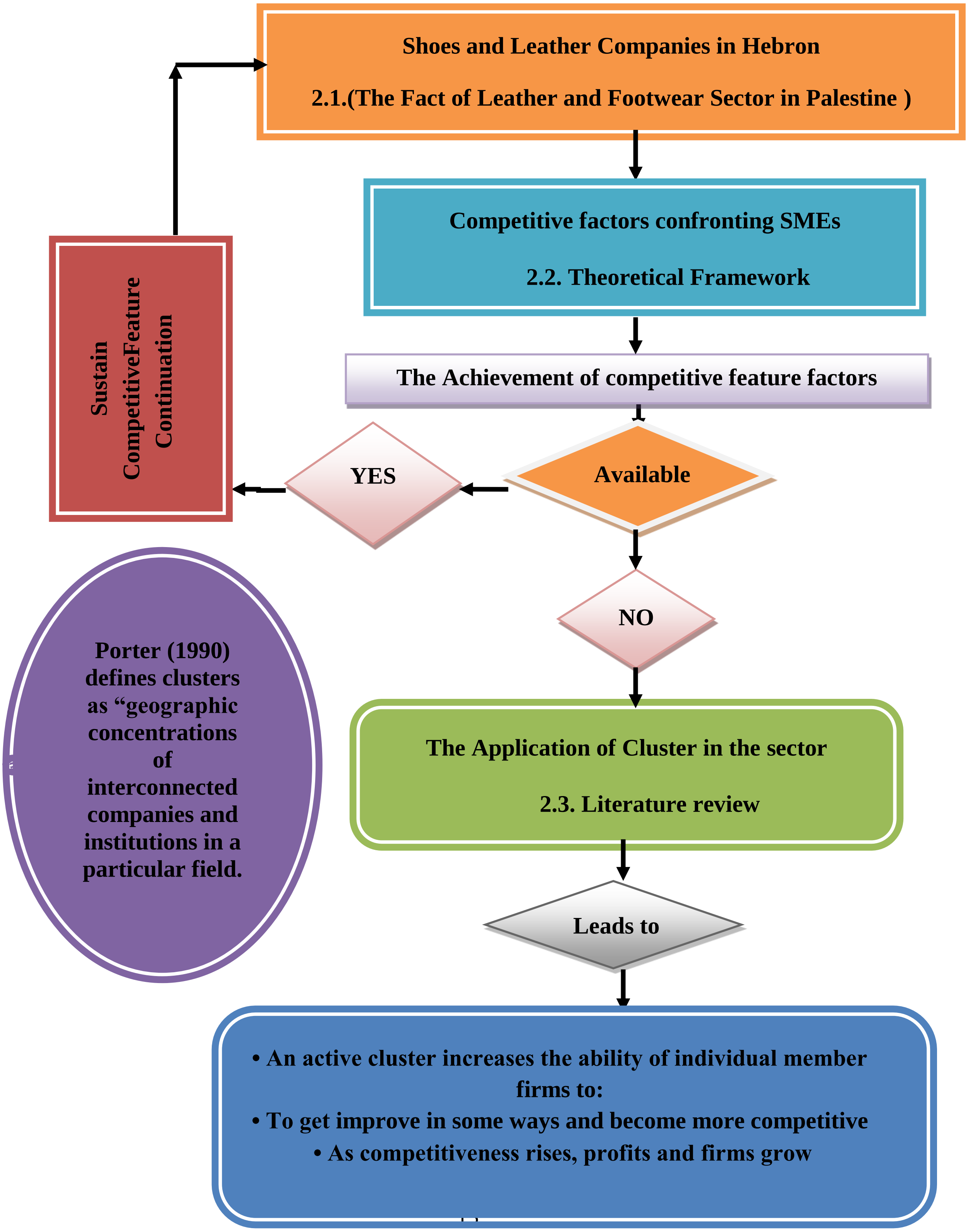
2.3.1. Previous studies

2.3.2. Comments on the previous related studies

2.3.3.The hallmarks of this study

This section presents the facts of leather and footwear sector in Palestine. The question that comes to the mind after reading this section is: does the implementation of clustering concept add a competitiveness to the leather and footwear industrial sector in Hebron city?

Figure 2.1: Agraph of theoretical framework



2.1. The Fact of Leather and Footwear Sector in Palestine

2.1.1. SMEs in Hebron

The city of Hebron (al-Khalil in Arabic) is one of the oldest inhabited cities in the world, and its history dates back more than 4,000 years. According to Islamic tradition, God chose Abraham as his friend. Hebron houses the tomb of Abraham: Khalil al-Rahman. The city is located in the southern West Bank, 30 km (19 mi) south of Jerusalem. Nestled in the Judaean Mountains, it lies 930 meters (3,050 ft) above sea level. It is the largest city in the West Bank, and the second largest in the Palestinian territories after Gaza.

Hebron is the fourth holiest city for Muslims after Mecca, Medina, and al-Quds. Al-Haram al- Ibrahimi, the Sanctuary of Abraham or the Tomb of the Patriarchs, in the old city of Hebron is one of the ancient, historical, religious and heritage sites in Palestine. Throughout centuries, the city of Hebron was a constant target for Persian and Roman invaders until the Islamic conquest during which the city prospered and Muslim emirs and caliphs showed unwavering concern for the city. The ancient architecture of the old city, which dates back to the Mamluk and Ottoman periods, has witnessed the development and sophistication of the city of Hebron (ARIJ, 2009)

Figure 2.2. Photo of Haram al- Ibrahimi in Hebron city, Palestine

Source: (PPRA, 2015)

Hebron, the largest city in West Bank in terms of both population and area, has a population of between 170,000 and circa 250,000 (the governorate has a population more than 750,000). It is a major commercial and industrial hub of Palestine, with 22% of Palestine’s industrial establishments. Hebron accounts for 55% of Palestine’s commercial activities and 45% of industrial sector output. It has more than 3,200 industrial establishments, 98% of which are micro or small. Within this industrial sector, it produceshigh quality and hand crafted goods and is well known for its shoes and leather products, which make up 75% of the shoe and leather industry in Palestine.

Most shoe businesses are small, family owned and with limited means. Lacking the capital to buy new moulds to produce more varied, modern and colorful shoes every season in keeping with young people’s taste, has led some firms to focus almost exclusively on children’s sandals and men’s dress shoes.(PCBS, 2014).(Cluster ,2015).

2.1.2. The Leather and Shoes Sector in Palestine

2.1.2.1. Tanning

The Palestinian footwear and leather industry has traditionally served as an important national industrial sector due to the contributions it makes to industrial production, employment and exports and historically centered in Hebron, with a smaller concentration in Nablus and Bethlehem. The sector is comprised of both footwear manufacturing firms and tanneries. (National expert strategy, 2014-2018)

In Palestine, tanneries play a role in economy as secondary comparing with other manufactures, but tanneries production is output about 0.2% and added cost is 0.3%, but employment not more than 0.15%. However, they do not have manufacturing and employment limits, and they provide natural leather to other industries; tanneries provide 16% of footwear garments and industry leather. They depend not only on local leather, but on process of produced meat, skin and hides which are raw.

Figure 2.3. Photo of producing tanning curruntly

Source: (Wafa, 2015)

In Palestine, tannery profession has started years ago and moved for generations; however production in huge quantities started about 30 years from now, three tanneries have been built since 70s and tanning industry improved and spread widely in Hebron Palestinians owned all tanneries. Also 38% of companies are individual, 62% with a limited participation, geographical study shows most of them are in Hebron. There are 11 tanneries only as "The Zaatri" is the only family that owns tanneries workshops; and In Hebron, thriving shoe manufacturing includes leather production.

According to tanneries history, only four were established in the 30s, but the rest in mid 70s and early 80s. In Hebron, three manage 51% cattle hides manufacturing, and two-control ship skin in Nablus and Salfit. Most tanneries are small, but 57% employ less than 5 employees and other 26% employ 5-9 only.(Cluster, 2015).

Figure 2.4. Photo of producing tanning in the past

Source: (HCCI, 2015)

2.1.2.2. Leather and Shoes Sector

The leather and footwear sector was one of the largest industrial sectors in Palestine until the end of the 1990s. The steep decline it has experienced since then is believed to be due to increased demand for low cost goods, which is largely satisfied with imported products. This has been fuelled by weakened domestic demand, brought about in part by the political situation, and the occurrence of international trade agreements (e.g. World Trade Organization, Paris Protocol between Israel and the Palestinian National Authority in 1994) and ever-increasing globalization.

Investment levels have also fallen to US$70-120m. In 2009, 66% of firms believed there was a need for investment to open new markets, 33% in purchasing new machinery and technology, 16.5% in developing new products and 16% in finding / developing strategic alliances and partnerships.

Official records shows that the number of registered companies working in this industry is around 230. However, the real number is believed to be around 600 entity. Divided into different part of the value chain starting from the tanneries, ending with the shoes shop, through all different stages. However, most of the intensity of the organizations is in market (shoes shops) followed by the shoes manufacturing stage.

Leather and footwear sector is one of the important national industry in Palestine, this is due to participation in employment and export, and industry which was used greatly in Hebron then Nablus then Bethlehem. In mid 90s, economy was better (the golden period), In this part, about 1,000 companies were made and 10,000 workers employed and about 13 million pairs of shoes were produced yearly. Recently, the sector of leather and footwear includes about 230 producing companies are registered.(National expert strategy, 2014-2018).

Overall, the sector is now to include extensive inherited technical expertise, and experience gained over the decades, as well as high production capacity, and the integration of the supply chain in addition to a strong relationship between the tanning industry and manufacturers of shoes.

Table 2.1:- Sector evolution

Item	Before 2000	Current situation
Number of companies	1,000	230
Level of production	13 Million pairs of shoes	4 million pairs of shoes
Direct labor	10,000	2,500

Source: (National expert strategy, 2014-2018)

2.1.2.3. Import

Palestinian market of footwear was $20 million in 2013. This chart shows import of the market by 41% in Palestine between 2009 and 2013. Palestinian Statistics Central Bureau and foreign trade in 2013 show that Palestinian market imports were around 19,8 million dollars.

Figure 2.5. The growth of Palestinian imports during 2009-2013

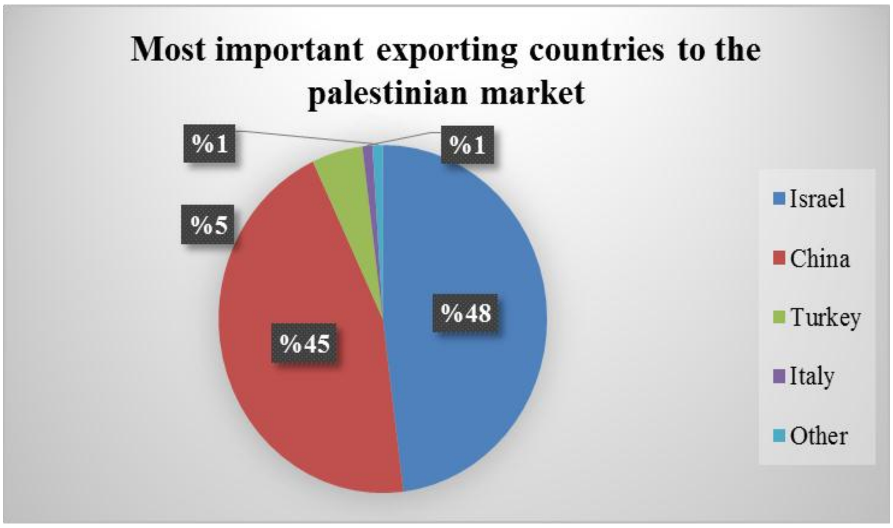
Source :www.trademap.org

Shoes, which were imported by wholesale buyers and retailers, are considered the latest international manufacturing designs. Younger people are more interested in these products.

This happens in areas Palestinian production can`t meet the needs of this part of consumers. However, products which are imported do this. Therefore, this idea should be taken into consideration in order not to depend on products that are imported and to get support for local manufactures.

The most 4 countries that export shoes to market of Palestine in 2013 are: Israel, China, Turkey, and Italy. Percentage of export is explained in the following chart.

Figure 2.6.list of countries exporting shoes to the Palestinian market in the year 2013



Source :www.trademap.org

2.1.2.4. Export

The total export size of the Palestinian footwear market reached around 38 million dollars in 2013 The following chart demonstrates the growth of Palestinian exports during 2009-2013 by 50%.

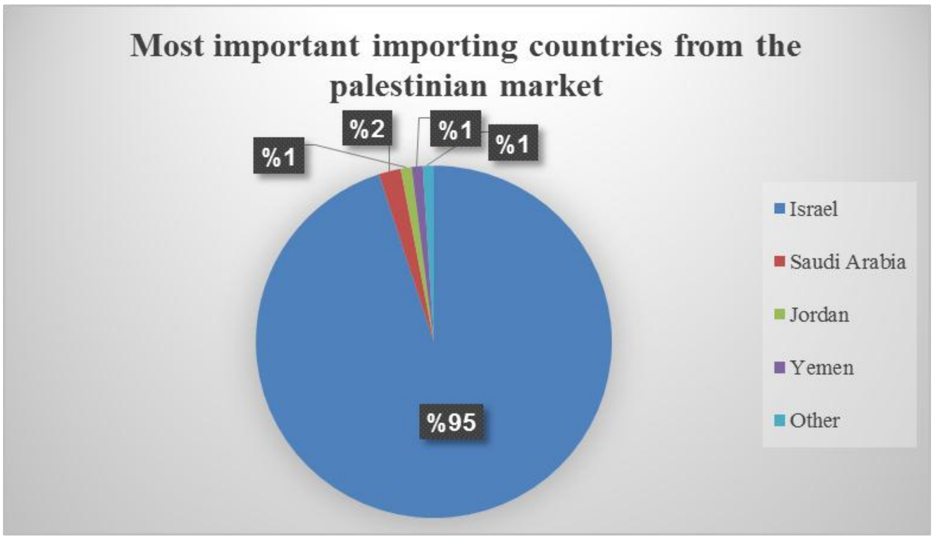
According to data from the Palestinian Central Bureau of Statistics and within the foreign trade statistics for 2013, the Palestinian market export size has reached about $ 37.4 million.

Figure 2.7. The growth of Palestinian exports during 2009-2013

Source :www.trademap.org

The following four countries were the top of countries importing shoes from the Palestinian market in the year 2013, namely: Israel, Saudi Arabia, Jordan, and Yemen respectively. Palestinian exports also face significant competition in these markets, and most of this competition is from China, Italy and Vietnam. The percentages of imports are shown below.

Figure 2.8.List of countries importing shoes from the Palestinian market in the year 2013



Source :www.trademap.org

2.1.2.5. Challenges of the leather and shoe sector

Challenges that limit the development of leather and shoe sector exports in Palestine: (Cluster, 2015)

1. Restrictions on the import of chemicals.

2. The absence of mechanisms to purchase large quantities (Bulk-buying).

3. Low level of organization in the sector.

4. The old equipment and designs which are not in line with the designs and global trends.

5. Gaps in quality at the level of factories and companies control.

These challenges have been exacerbated by the presence of other challenges such as:

1. The absence of a dedicated fund to promote export.
2. Poor infrastructure for quality control.
3. Lack of reliable business information.

2.1.3. Global Leather and Footwear Sector

A country which makes leather is a leather producing country. Accordingly, shoe and leather products are connected.

Crowded areas have shoes in different shapes. People just look for shoes without focusing on their shapes. So, increasing in population and ways of living lead to increasing demand on shoes and leather. In developing countries, fast urbanization increases demand on leather and shoes with excellent quality, so, many countries will stop producing or making low-quality goods in the following 10 years.

China is trying to change the idea that it produces cheap goods that have low quality, therefore, it tries to develop its goods, to have better quality in leather goods in particular.

The population of the world is about 6.5 billion, and it will climb to 9 billion in 2050. Most of them will be in India and Asia especially China, then, Africa and Latin America. In North America the number will increase, but will decrease in Europe. Therefore, expanding leather goods according to customers will be: Asia, Africa, India, and China.

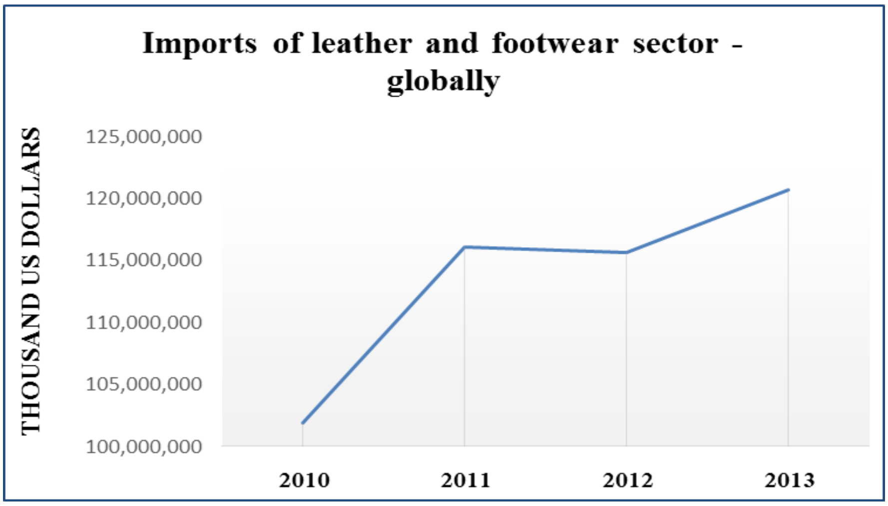
Leather factories in general should take into consideration the change in world demography; young to older people, which is necessary to be taken into account by the manufacturers of leather products in general, and manufacturers of shoes in particular.

This transformation requires new marketing plans, techniques and products that can meet the needs of this segment in terms of comfort, value design portfolios and other factors.

2.1.3.1. Import

International market imports of leather were around 121 billion dollars, opposing the decrease of international market in 2008-2009. Below chart is about 20% of international imports between 2010 and 2013.

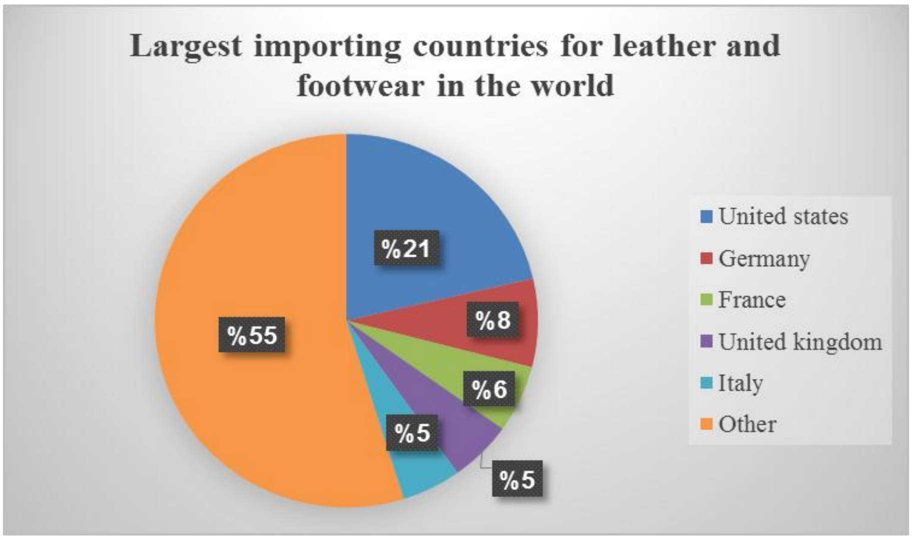
Figure 2.9 Gobal imports grew during the years 2010-2013



Resource: UN comtrade

The following five countries have been at the top of the list of countries importing leather shoes in 2013: the United States, Germany, France, Britain and Italy, respectively. Import ratios are shown in the chart below.

Figure 2.10.List of countries importing leather shoes in 2013

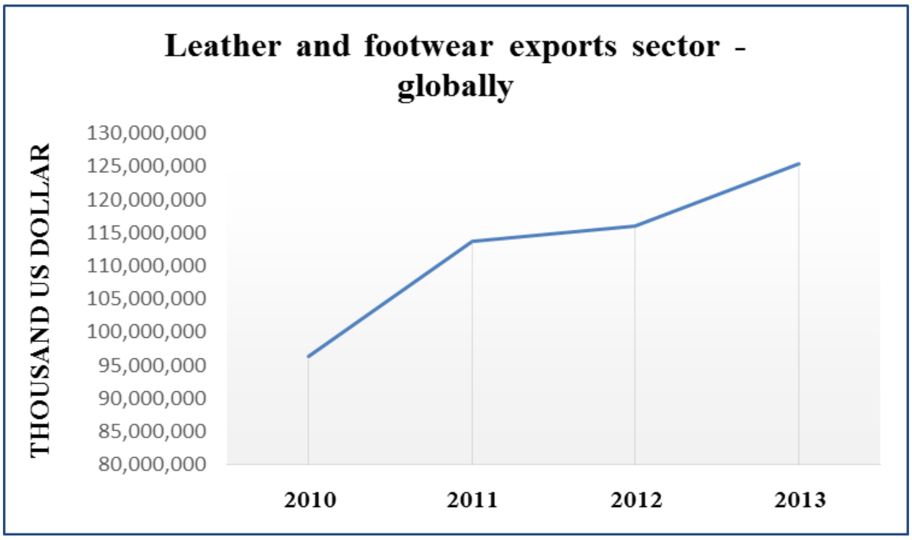


Resource: UN comtrade

2.1.3.2. Exports

In 2013, the total export volume of the global market of leather and footwear totaled almost $ 126 billion, and the following chart shows how global exports grew over the past 2010-2013 by 32%.

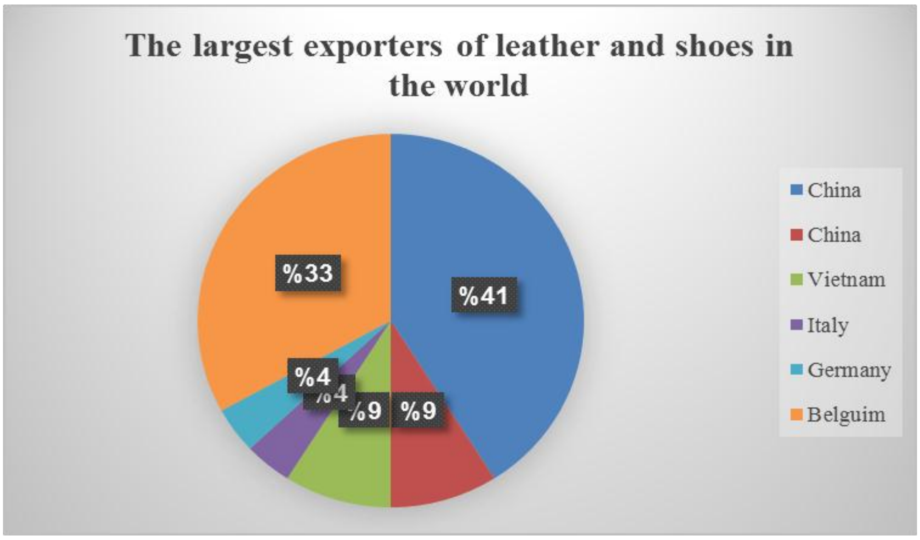
Figure 2.11. Gobal exports grew between the years 2010-2013



Resource: UN comtrade

The following five countries have been at the top of the list of countries exporting leather and footwear in 2013, mail: China, Vietnam, Italy, Germany, and Belgium respectively. Export ratios are shown in the chart below

Figure 2.12.List of countries exporting leather shoes in 2013



Resource: UN comtrade

2.2. Theoretical Framework

This section covers the theoretical background of the main areas of the research.Cluster and Competitiveness as a Conceptual Framework, 2.2.2.Porter’s Diamond,2.2.3. Porter's Five Forces Model, 2.2.4. Value Chain, 2.2.5. Balanced Scored Card, 2.2.6.Definitions of the SMEs, 2.2.7. The Benefits of Clusters, 2.2.8. Cluster Development Approach, 2.2.9 The relationship between clusters, competitiveness, and economic performance, 2.2.10 Summary

2.2.1. Cluster and Competitiveness as a Conceptual Framework

When networking is considered as a necessary need in businesses, chances are learnt to be important in small forms in size to decide the success of the organization.

(Barkley& Henry, 2007) say that networking operates in firms to achieve a complementary profit, form new markets, activities and knowledge or sources in order to have scale economy and face the problems.

Clusters, unlike networks, do not depend on membership. However, Michael Porter (1990) was the first to know and use cluster at Harvard Business School. Porter (1990) defines clusters as “geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition.

However, cluster is connected industrial forms to give products and services. Companies and institutions focus on them in order to have externalities. Also, firms numbers with proper needs are known as "a cluster "is an umber attracts providers and resources and services (Rosenfled, 2005).

Clusters were considered as a concentration for improving and enlarging industries or regions/areas competitive advantage. They are also a huge power economic form or structure of the region economy (Clar, Sautter, & Zimmermann, 2008).

Recently, Cluster is a developing idea. It is important in local and developing the area and economy (Alfred Marshal discovered its idea in 1890 that was used by a lot of economists, (Cortright, 2006) said that clusters of industry were attracted by researchers makers of policy in offering chances to Micro and small enterprises or businesses (MSEs).

In addition, (Michael Porter, 1998:78) described a cluster as " Geographic concentration of interconnected companies and institutions, specialized suppliers, service providers, firms in related industries and associated institutions (for example, universities, standard agencies and trade associations) in particular fields that compete, but also cooperate.".

Moreover, a cluster is described as "a geographically proximate group of interconnected companies and associated institutions" (Porter, 2000: 254). Clustering helps in production and sales and how they affect competition by raising productivity and direction (Porter 1990), (Porter 1998). In addition, to be in a cluster, that increases production, treating information, institutions and technology, dealing with companies, and getting a development(Fisher & Reuber, 2000), and companies in clusters have high production(Venkataramanaiah & Parashar, 2007).

Cluster power on economy in different channels (Porter, 1998), because clusters make get over size problems, develop technology, and make them compete in markets, locally and internationally (Cortright, 2006). Also, a cluster approach supplies with easy items like (construction trust) and hard ones (physical structure, facility places) for MSEs. That made MSEs had many problems like markets process, finance, information, skilful experts in management, low technology and business quality (Stevenson & Annette, 2006). Then, can`t face their problems.

Cluster actors (stakeholders) are necessary in cluster improvement.Solvell, et.al. (2003) has shown five actors in forming a cluster; related manufactures, government, institutions of academy, finance, government and others like universities, agencies, tanks, vocational practices, and trade agencies which supplies with practicing, education, information, research and support of technology (Porter, 1998).

(Abdella, 2008:3) says that clustering is a proper strategy of cottage manufacturing in countries with low income by reducing production costs and buying inputs and selling the productions or outputs by attracting traders and information like facilitating order-sharing labour and joining with contracts. However, clusters in practice, means business projects organizations which aren't business in important group with competition. Finally, the industrial cluster is a form of organization to create an improvement in the area. In making a cluster, costs of investment is reduced and having labor of profession is easy, information, and ways to make suppliers and labor, information and ways effects, and getting competitiveness (Yung-Lung Lai,& others, 2013).

On the other hand, a competitive firm success is measured by objective and subjective criteria. Objective one is investment, market share, benefit and sales, but subjective criteria is dealing with the reputation of customers or buyers, providers, competitors and improving services (Barney, 2002). M. Porter (1985) says that a firm has a competitive advantage if "industry has economic value and not many competing firms join in same actions."

However, Porter (1990) described competitiveness as the ability of citizens to have a better and higher way of living. And that can happen by continuing productivity development (Porter ,1990).

In the end, (Porter M. , 2000)showed the way clusters affect competitiveness in three ways to reflect and amplify diamond parts: (a) raising recent industries and firms, (b) to increase participant's ability to innovate and produce, and (c) forming business form to support innovation and expand clusters. Also, benefits are based on economies and spillovers, industry, and different institutions. And clusters' influences are based on individual or personal relationships, face-to-face communication, and individuals and institutions networks. Organization and cultural forms can play a good role in clusters functions and development.

The study will focus on Porter's 1998 and Porter's 2000 definition of clusters, which says: a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities. To study the leather and footwear sector in Palestine and to see how it could implement the concept of clusters to improve the competitiveness of this industry.

In my thesis, I will study the competitiveness of the firms through clustering that are working in processing the leather and footwear in Hebron by analyzing the impact of the clustering on different competitive elements such as time, cost, and flexibility, referring to (Porter ,1998), (Porter, 2004), (Porter, 1990) diamond model. Porter discusses four elements in this model: factor conditions, demand conditions, related and supporting industries, and firm's strategy, structure and rivalry. As well, Porter's five forces model (1979) are still used for the analysis of industry and firm. In order to measure the competitiveness at the firm's level, the concept of the Balanced Scored Card (Kaplan & Norton, 1992)is used. The four measures of the Balanced Scored Card are: financial performance, customer's satisfaction, internal business, and ability to innovate by measuring each company performance.

The respondents were asked about their competitiveness by asking about the Balanced Scorecard (innovation, customer's satisfaction, internal business and financial performance) of their firms as an indication of their competitiveness.

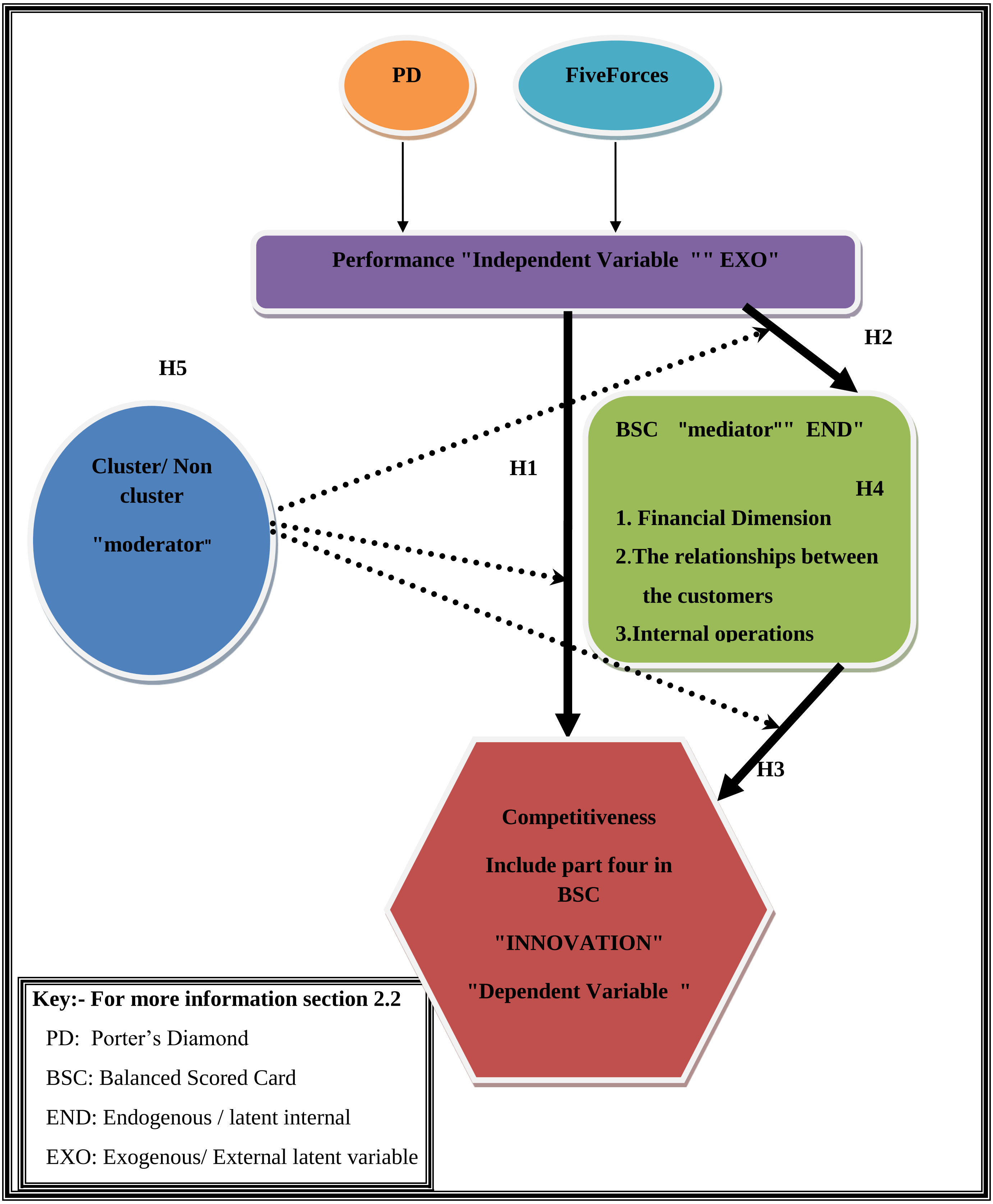
Figure (2.13) presents the framework of the competitiveness that is used in this study.The framework of this study consists of microenvironment context, microeconomic context (Porter's diamond), Porter's five forces. Porter (1990) says that environment is important for production and its growth, but it is not enough. The term which decides production is human, research and improvement and body structure. But, microeconomic is concentrated on.

In my thesis, competitiveness might be defined to be achieved through creation, growth, and entrepreneurship for small and medium sized companies through measuring the following:

1. Learning and growth dimension and employees' ability of improvements and other additions on the product.
2. It also includes the percentage of introducing new products and types (categories) which also depends on the relationship between the supplier and customers.
3. The period needed by the company to introduce new products. This process depends on information systems available in the company.

Since clustering improves companies' competitiveness in the field of learning and education on the long-run rather than the short-run (creativity achieves long-run competitiveness). regarding the creativity that encourages long-term competitiveness, and due to the fact that improvement in the institution's internal performance affects the acheivment of learning, growth, and long-term creativity, the study research conform with the study conducted by (Uyarra & Ramlogan, 2012). And (Porter, 1990).

Figure 2.13 : Cluster and Competitiveness as a Conceptual Framework



2.2.2. Porter's Diamond

Porter (1990) explains that a country should focus on some industries that can be highly successful because it is not possible to be highly competitive in every industry. To lay the theoretical underpinnings of this interplay of country and industry competitiveness issues, Porter (1990) developed The Diamond Model, which consists of four national determinants of competitive advantage in a particular industry: (1) factor conditions, (2) demand conditions, (3) related and supporting industries, and (4) firm's strategy, structure and rivalry (p.71). These four sources of competitive advantage can produce a fertile soil to build an internationally competitive industry in a country. In other words, some industries, in a particular country, have strong diamonds, while others have weak ones. In addition to these four determinants of competitiveness, there are two indirect variables in the model: (5) chance and (6) government (Porter, 1990, p.124-128).

Porter (1990) shows that competition includes more than microeconomic like deficit, fair politics. But macroeconomic isn't enough, microeconomic is in production as human capital, research and improvement capability, body structure, invention ability.

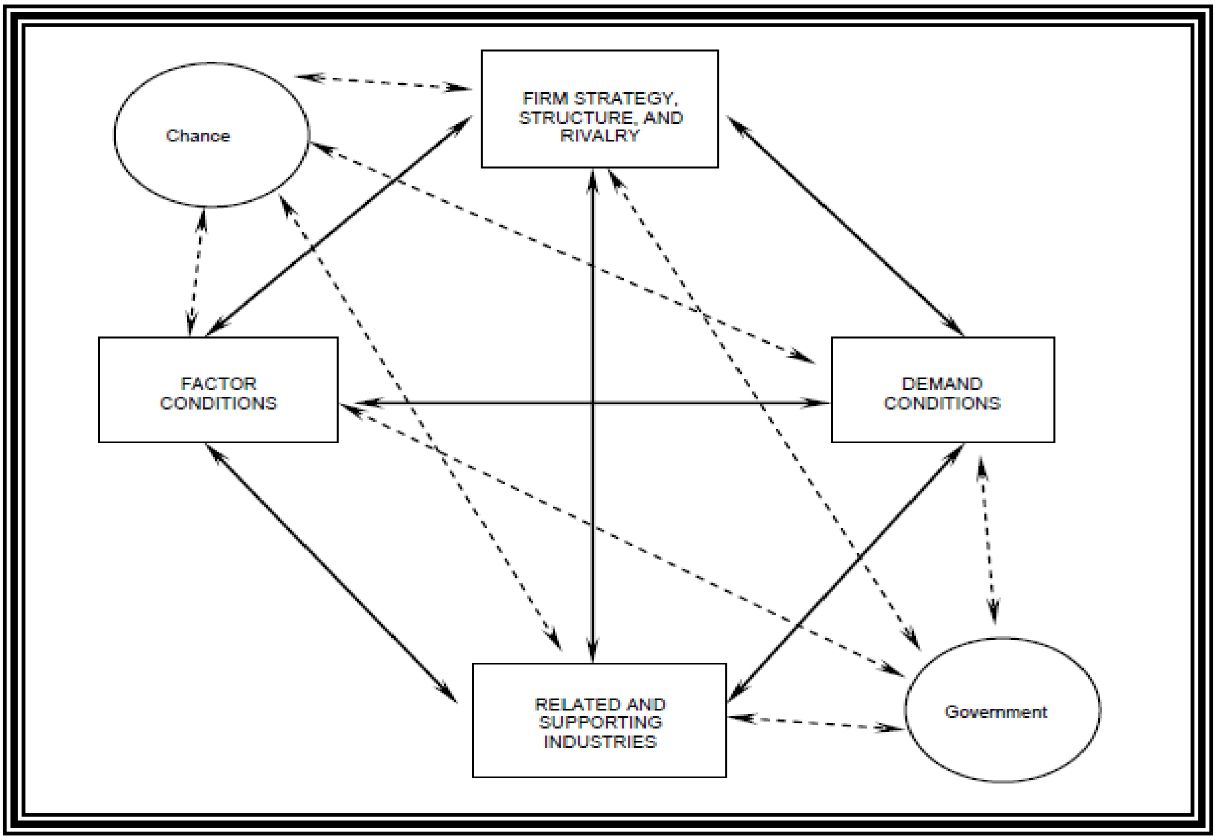
The advantages of competition are four points (Porter 1990): factor conditions, demand conditions, related and supporting industries, firms strategy, and structure and rivalry.

Porter (1990); industries have a competition benefit when buyers ask for invention. Education with work lead to success. In addition, rival is necessary to create and sustain competition benefit. Also, the related and supporting industries supply with work relationships, but providers and users benefit from communication, information, exchanging ideas and explorations. But clusters are famous as a competition policy.

Porter (1990) defines cluster as "geographic focus of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition". In addition, the factor conditions related to production conditions, such as labor, land, sources, structure, industry capital, and general and special factors. They are divided into advance, basic, general, and special factors. However, governments have a role in industry competition specially by affecting the competitive benefit.

The determinants of the national competitive advantage are grouped in four categories;(figure 2.14) Factor conditions, demand conditions, related andsupporting industries, and firm strategy, structure and rivalry (1990).

Figure 2.14: The "Diamond Model"



Source: Porter(1990)

Porter expanded his theory to global economy. He believes that economic process is put in four levels: the factor driven, investment-driven, innovation-driven stage arrives when a country is human-capital abundant and active in research and development, and wealth-driven stages. In factor driven stage, the competitive advantage comes from productivity general factors like resources and costs. "Factor-driven stage is characterized either by natural-resource-based activities (primary extraction) or by labor- intensive manufacturing".(Sultan, 2007).However, "Investment-driven stage is associated with the manufacturing of intermediate and capital goods and infrastructural building". In this stage, competition benefit includes wishes and investment capability. Also, the investments focus on productivity and finding mechanisms. Here, factor conditions are not completely dependent. Despite home need, structure and rivalry stay, but industries are not developed.

In addition, in the investment-driven stage, clusters of competitive industries make services in competition necessary. On the other hand, the wealth-driven stage signals are low. Success and wealth improve economy, but invention and competition have less importance. (Sultan, 2007).

Porter's theory of national competitive advantage (1990) becomes more and more subject of critique under the impression of the digitalization, globalization and deregulation.(Sultan, 2007). All of these critiques are acceptable. Some of these critiques are:

1. Although Porter makes a contribution to the theory of international trade and strategic management, none of the four determinants offered by Porter is new (Barney 2002). It means that Porter's work lacks the originality.
2. The lack of formal analytic modeling (Oz, 1999). It means that the diamond is an explanatory framework rather than a deterministic theory. Porter has gained all his information from case studies of different industries in different nations. He does not offer any empirical or statistical evidence to support his theories. Although this criticism is mainly true, it should be stated that by using such a qualitative framework, Porter introduces several interesting points like the advanced and specific factor creation mechanisms and sophistication of demand conditions, which would have been very difficult to capture if he had just focused on quantitative method and formal modeling.
3. In his model of five forces (1979), Porter states that high local rivalry is a threat. His diamond (1990) states the opposites: intensive rivalry motivates companies to innovate.
4. Porter focuses on intensive local rivalry and might underestimate the influence of international rivalry. Foreign-owned multinational enterprises have been excluded in Porter’s model unless they become part of the host country diamond (O’Malley and Van Egeraat, 2000).
5. Porter’s model is not always convincing that it can bring really advantages for a firm in the future. As well, it is doubtful whether this general model can really be used as a tool to examine any country without further specifications.
6. Porter’s single national model needs to be reformulated as a double diamond or multiple diamond model for the purpose of application to smaller peripheral economies (O’Malley and Van Egeraat, 2000).
7. Porter is criticized about his treatment of macroeconomic policy. He underestimates price competitiveness and plays down macroeconomic policies that affect the relative

costs of producing similar products in different countries. According to him, macroeconomic factors like the value of currency and interest rates play a role by affecting the export performance in the short run and not preferable and sustainable sources of competitive advantage in the long run.

8. Porter pays very little attention to the national culture on the competitive advantage of a country. According to him, the influence of culture on competitive advantage is an indirect one since it acts through the determinants, rather than on its own.
9. It is questionable whether the variables of the determinant "firm strategy, structure and rivalry" can form a coherent group or if they are just a rest of category.
10. According to Porter, domestic demand conditions of an industry are amongst the important determinants of the international competitiveness of this industry. The relationship between international competitiveness and the size of home demand is one of the issues that is open to dispute since there are two conflicting arguments concerning this relationship. According to the first argument, if home demand is large, firms may feel secure to invest in industries where there are economies of scale, and given that there is intensive domestic rivalry and local buyers parallel foreign demand, this may encourage international competitiveness. According to the second one, however, if home market is large enough, firms may not bother trying to export and may prefer to concentrate solely on the home market.

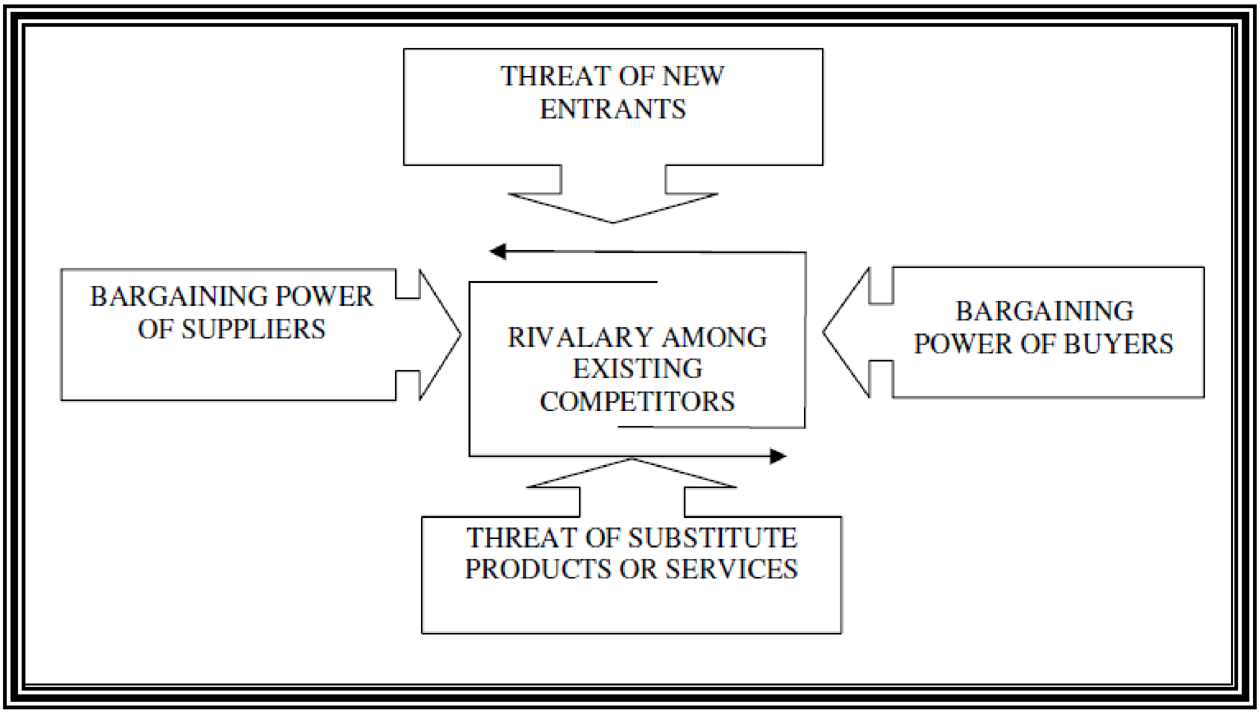
2.2.3. Porter's Five Forces Model

Porter (1979, 1980, 1985) shows the previous competition benefit. He starts with "Structure-Conduct-Performance (SCP)" (Van Gils 2000) says that the structure of economy decides the conduct like (price, advertisement) and economy. This was conducted by strategy, and performance depends on industry. Porter says industry is stable, but it changes because of the different competition forces. They decide the industry profit because they affect cost, price and investment. However, those forces are: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors (Porter,M. E, 1979).

The forces decide the industry benefit as they affect the price, cost and investment. The buyer`s power affects them, too. However, the bargaining power of suppliers decides the new materials costs. In addition, the intensity of rivalry affects competition cost. Furthermore, the threat of entry decides price limits and investment shapes.

After analyzing the Five Forces, a company is able to state about industry profitability and attractiveness (Johnson, Scholes, & Whittington, 2008). A strategist can come up with the strengths and the weaknesses of an organization and is able create a plan for a stronger position within the industry. The Competitive Forces oversimplified the micro-economic theory by using only Five Forces. It provides the opportunity to examine and evaluate complex interactions of competitors in an industry in a structured way (Porter M. E, 1979). The Five Forces framework “went beyond a more simplistic focus on relative market growth rates in determining industry attractiveness” (Grundy, 2006). A further benefit according to (Grundy, 2006)is that the managers set a higher focus on the external environment in comparison to the traditional ‘SWOT’ analysis. The goal of the Five Forces framework is not only to assess industry profitability and attractiveness but also to comprehend the “underpinnings of competition and the root causes of profitability” (Porter, 2008, p. 29).

Figure 2.15. Five forces framework



Source: Porter(1985)

- Some of the critiques on Porter's theory of the five forces are:

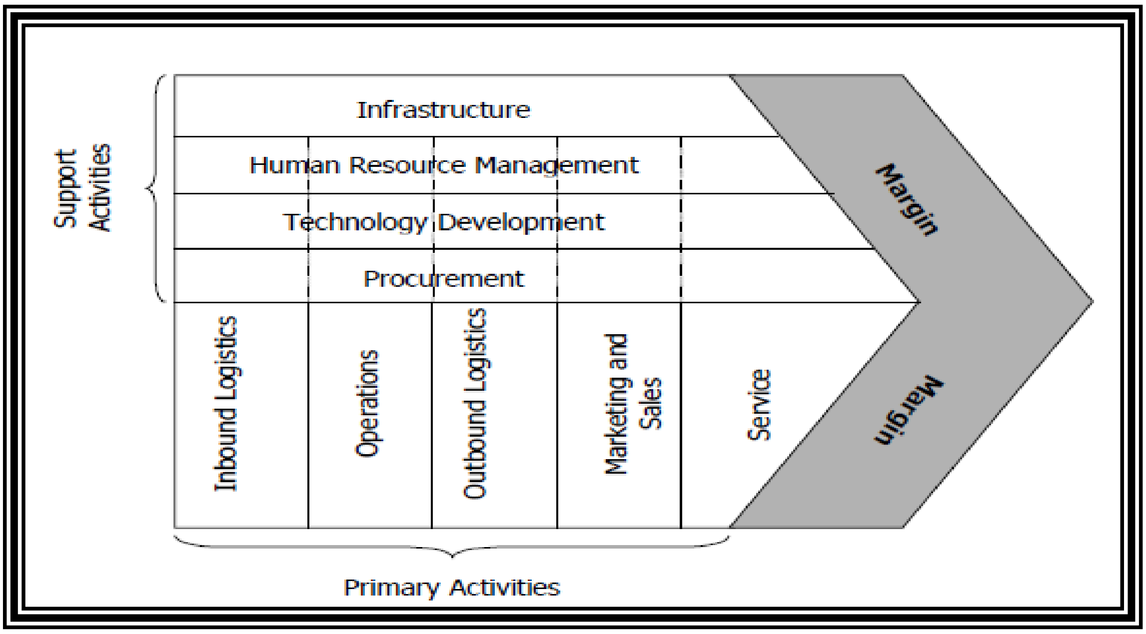
1. Traditional Porter's thinking was largely limited to achieve a better competitive position against other players. Now it is more important to form co-operations for mutual benefits. With this focus, it dos not really take into consideration strategies like strategic alliances, electronic linking of information systems of all companies along a value chain, virtual enterprise-networks or others.
2. Porter's theories based on the economic situation in the eighties. This model might not explain today's dynamic changes. Porter's five forces model may have some major limitations in today's market environment. It does as brokers. not reflect the inevitability of certain dis-intermediation effects and new partnering realities.
3. In the economic sense, the model assumes a classic perfect market. The more an industry is regulated, the less meaningful insights the model can deliver.
4. The model is best applicable for the analysis of the simple market structures. A comprehensive description and analysis of all five forces gets very difficult in complex industries with multiple interrelations, product groups, by-products and segments.(Sultan, 2007).

2.2.4. Value Chain

The term 'Value Chain' was used by Michael Porter in his book "Competitive Advantage: Creating and Sustaining superior Performance" (1985). The value chain analysis describes the activities the organization performs and links them to the organizations competitive position.

It shows the activities of production and services in production levels to reach consumers (Porter, 1985). Organizing and performing activities improve competition benefit. These activities are in categories and divided in primary and support activities. Primary ones are in production, marketing, delivery and services. However, support ones supply with inputs, technology, human resources, and other activities support (Porter, 1985).

Figure 2.16 .The basic model of Porters Value Chain



Source: Porter(1985)

In this study, I did not use value chain as the study focused on competitiveness and in reference to analysis of present conditions of companies. Instead, porter's diamond and balance score have been used.

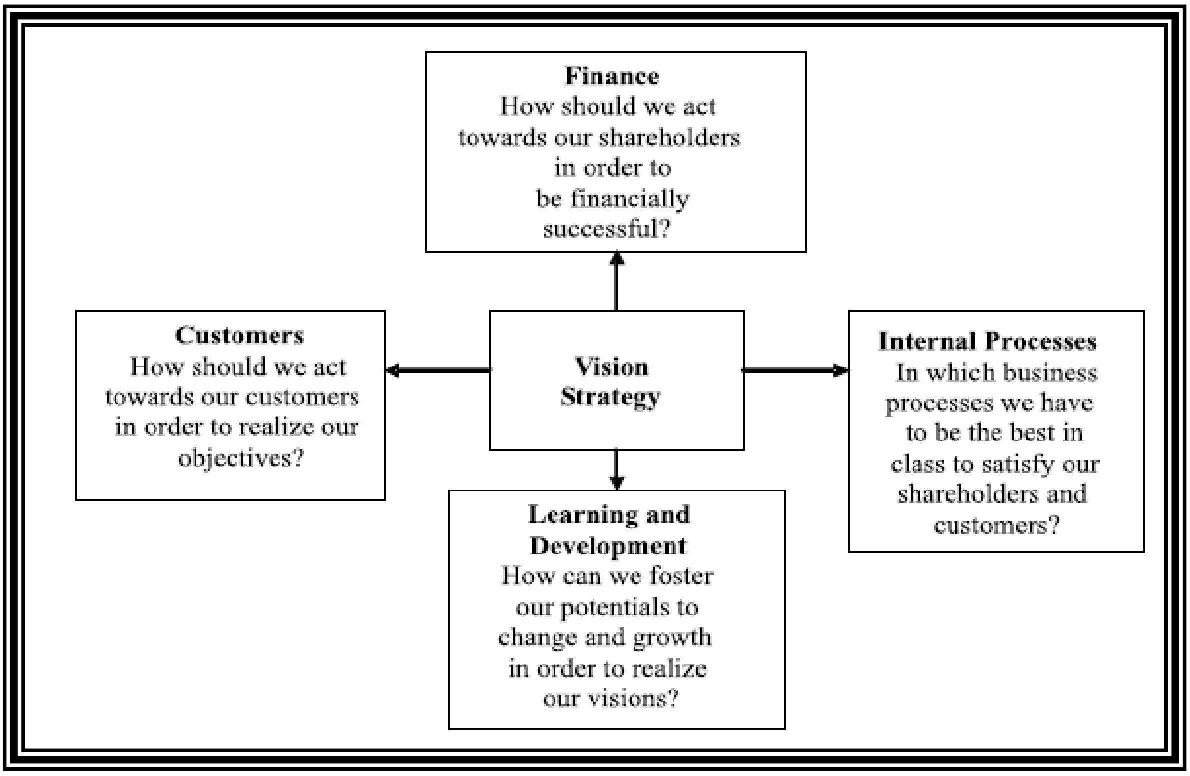
2.2.5. Balanced Scored Card

In this study, the Balanced Scored Card technique (Kaplan and Norton 1992) has been used to measure the competitiveness of the firms working in shoes and leather sector.

(Kaplan & Norton, 1992)study under the title: "The balanced scorecard Measures that Drive Performance. " In this study, the measurement card of parallel performance was suggested for the first time by the researchers, Kaplan and Norton, as a pattern was offered to count on as a system to measure and evaluate the performance. This included a series of the finance performance measurements, but not finance, and this in order to have an overall information to manage the Enterprise' in order to achieve a competition feature.

Suggested pattern includes four main parts: first, "financial one" how to look at the participants. Second, "clients" how the participants look at us. Third, "internal operations" what must we be good at? Fourth, "learning and growth" can we continue to improve and create values? The researchers explain the importance of the measurement card of parallel performance to avoid differences between the parts or contents. This study provides the managers with an overall pattern in order to apply the Enterprise' strategic objectives into connected performance measurements.

Figure 2.17.The methodology of the Balanced Scorecard



Source: (Kaplan and Norton, 1997, p. 9)

If managers realize the four perspective links, they can reach to lower performance. As such, sustainability leads to stakeholders cost or value (Funk 2003). The perspectives are:

1- Financial Perspective

Its measure leads to this question: How attractive is the organization for shareholders and other providers of capital?

(Kaplan & Norton, 1992). It is measured by financial indicatorslike benefit and investment. Moreover, the financial perspective contains new finance indicators. In addition, the flow of cash and benefit can help investors to minimize the return risk.

2- Customer Perspective

It concentrates on this question: How do customers perceive the organization? (Kaplan and Norton).It is also measured by indicators like time, quality and service.

3-Internal Business Perspective

It includes measures related to this question: What organizational process result in competitive advantage (Kaplan & Norton, 1992).And it is measured by indicators like time of cycle, levels of waste, activities costs, delivery, productivity and loyalty of employees.

4- Learning Perspective

It concentrates on organizations success and measures related to this question: Can the organization continue to improve and create value? (Kaplan & Norton, 1992). And it is measured by indicators like new products revenue and its percentage, introducing new products and to decide employees' improvements.

2.2.6 Definition of the SMEs

Story (1994) describes them as: (a) enterprises with a relatively small share of their market. (B) They are managed by owners in a personalized way, but not through the medium of a formalized management structure, and (c) acting as separate entities, in sense of not forming part of large enterprise or group. But measuring the firm size by employees may lead to anomalies.

(Perterson, Albaum, & Kozwtsky, 1986) says that SMEs are defined by measures of quantity and quality. Definitions are different because of areas and a study purpose. But, quantitative measuresare the most to define SMEs like employees number and yearly turnover. In US, SMEs firms of employees contain less than 500. Generally, small ones have less than 50 employees, but micro-enterprises have 5 or 10 (OECD 2000c). Also, SMEs is defined by financial assets. Finally, (Gunasekaran, Forker, & Kobu, 2000) says that SMEs should be defined in the country they work or operate in, and the definition changes according to country change.(Sultan, 2007)

Until January 1996 the small and medium enterprises were considered those enterprises whose total number of employees is less than 500 people, with the following subdivisions: micro-enterprises (1-9 employees), small enterprises (10-99 employees), and medium enterprises (100-499 employees). The type of definition established, strictly on a single criterion – the number of people employed in enterprises – determined the termination of its use in the current statistics of the European Union. In 1996, the European Commission establishes a new definition of small and medium enterprises based on four quantitative criteria (EC, 1996): a) The total number of employees in the enterprise; b) The annual volume of the turnover; c) The total of the assets in the enterprise balance; d) The degree of independence of the enterprise or the ownership over it.(EC, 1996).

(Tolento, 2000): SMEs can achieve economic and social profits according to their capability/capacity including : (a) low cost jobs; (b) the Gross Domestic Product (GDP); (c) expanding the base; (d) adapting changes of market; (e) supporting huge businesses; (f) using market inches that aren’t beneficial for big businesses; and using improved policies for rural and decentralization improvement. All what have been mentioned, cannot be realized or known without environment that encourages and regular system.

2.2.7. The Benefits of Clusters

(DTI, 2006:5) : clustering includes a lot of benefits, generally economy and particularly in business society. These advantages or benefits are:

1. Increasing expertise levels by providing a big depth for supply and allowing co-operation and inter-firm education.
2. Gathering the necessary skills to enable big work or business to compete.
3. Realizing scale economies by additional product in firms, and buying proper raw materials in order to have discounts and marketing.
4. Having strong social and informal links, finding new ideas and enterprises or businesses.
5. Developing information in a cluster, such as making finance providers decide the good entrepreneurs' business people can choose good services providers.
6. Developing professional infrastructure, legal and financial specialist services and others.

(Ketels, 2006), also in the same way divides the profits of cluster into three parts:

1. Better work and operation of companies, having more specialized helps in a shorter time than in isolation.
2. Providing better innovation for companies and institutions of research. This happens because of knowledge and interacting closely with customers, and the new ideas lead to pressure in order to innovate when cluster experiment is cheap or with low cost. This makes start-ups depend more on outer or other partners and suppliers in a cluster.

(Ketels, 2006): those profits can be important because they provide extra value and cost when competition is high, skills and customers, and that makes clusters not to maximize the profit. In addition, according to policy of public, clusters innovation and high production are critical because any region high phase of prosperity is defined by long-term factors.

Nadvi and Barrientos (2004:43): clustering profits are connected with reducing poverty, however, information about the relationship between cluster and poverty isn't much. However, in cases, cluster meets a poverty reduction. That shows:

> "Clustering may not only raise employment and income for the poor, it can also have implications for wider notions of poverty – addressing issues of risk, vulnerability, empowerment and participation for poor and marginalized groups. For this relationship to be established, poverty focused strategies would require stronger attention to people within clusters, namely, the entrepreneurs and workers, their households and civil society. Tweaking of cluster initiatives may also be

required to promote wider poverty reduction and social development goals within clusters".

The profits can be known as an effective strategy. Trade and Industry mention five strategies which are not sequential and iterative (DTI, 2006).They are:

1. Mobilization-making participation and interest.
2. Diagnoses – to identify and define the cluster and to find its strength and weaknesses.
3. Collaboration – to identify actions needed in order to promote cluster development with the major stakeholders.
4. Implementing strategy – to implement the strategies and actions.
5. Assessment – when a strategy of cluster is implemented, they monitor and evaluate the results, also the strategy content is reviewed.

Despite the importance of these steps, success is not always guaranteed. Achieved approach is developed by a not clear element with forms and institutions related in a cluster during dialogues and related action (DTI, 2006).

2.2.8. Cluster Development Approach

Lack of communication and scepticism towards common ventures characterize traditional business practices in underachieving clusters. Moreover, local firms in such clusters rarely make use of business development services (BDS) and are not accustomed to presenting articulated calls for action to the local policy makers. Left on their own, such underachieving clusters remain trapped in a vicious cycle of cut-throat competition, falling profit margins and decreasing business performance.

To improve their business performance and comparative advantages – to become dynamic clusters – such clusters must learn to undertake targeted joint action and increase their stock of social capital. (UNIDO, 2006).

- **Objective of cluster development**

The cluster development approach sees the key problem faced by SMEs as one of relative isolation rather than size. Its aim is to help cluster actors to (1) develop a consensus-based vision for the future and (2) strengthen their capacity to act upon that vision. To elaborate these two points, the objective is to:

1. Strengthen linkages within the cluster – with other SMEs, larger enterprises, support institutions local government, banks, business schools, etc. At times such

linkages are also created with important organisations (private/public) outside the cluster;

2. Assist cluster stakeholders to develop a consensus-based vision for the cluster as a whole;
3. Help stakeholders to coordinate their actions and pool their resources to move towards a shared vision for the cluster as a whole; and
4. Create an autonomous governance framework, in a step-by-step process that will sustain dynamism and change in the cluster after the withdrawal of the implementing agency.

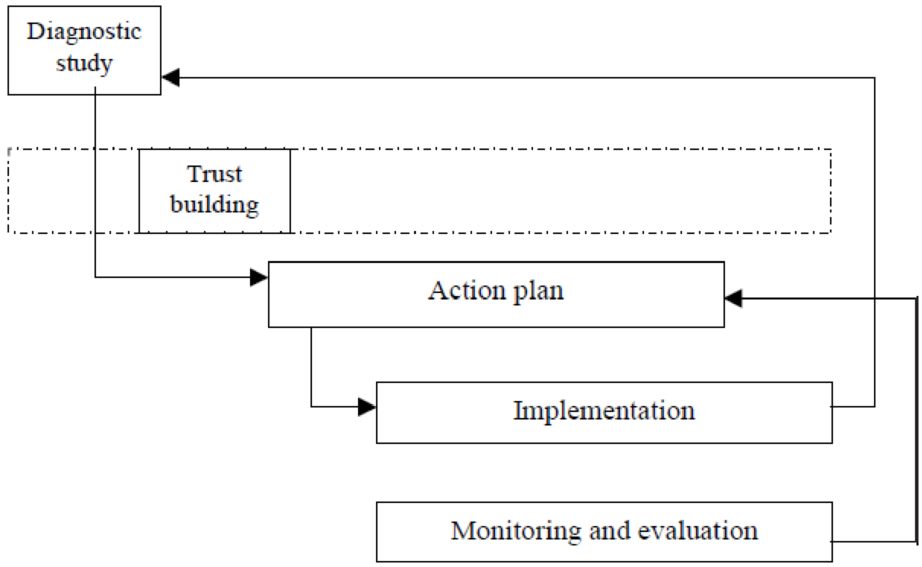
- **Cluster development – a loop approach**

The various stages of cluster development are not mutually exclusive. They often overlap. In particular, the trust building phase is a continuous one. There are formal ways of building trust (discussions, workshops, etc.), but trust building between the implementing agency and the cluster starts even during the process of project selection, and also during the diagnostic study. Trust is also an integral part of the interaction among stakeholders during action plan formation, implementation and monitoring and evaluation.

The diagnostic study is basically a continuous process. As trust between the CDA and the stakeholder increases, more relevant information emerges and a clearer picture regarding the cluster is revealed. The diagnostic study is thus revised (at least internally, if not formally) and the action plan is modified accordingly.

The information the CDA gathers during implementation is vital for updating a diagnostic study and the subsequent revision of action plans or formulation of new ones. During the monitoring and evaluation phase, vital information similarly emerges regarding the speed, scale, coverage and resource requirements of activities that are being implemented. These have their effects on new or revised action plans which in turn determine the partners for implementation, degree of up-scaling, etc. The cluster development approach is therefore not linear; it is a loop – a dynamic approach.(UNIDO, 2006).

Figure 2.18. Cluster development – a loop approach



Source: (UNIDO, 2006, p. 16)

A maturation process in time (2 - 3 years minimum). From a conglomerate of isolated enterprises: To a performing cluster (Cluster, 2015) .

1. Initialization
   - Identification of common challenges and vision
   - Building local dynamisms with quick win actions
2. Cristallization
   - Animation of partnerships and cooperation
   - Management of collective pilot projects
3. Development
   - Structuring collective projects with external alliances
   - Mobilization of Research and Innovation
4. Anticipation
   - Economic intelligence and value chain strategy
   - Search for new competitive advantages

2.2.9. The relationship between clusters, competitiveness, and economic performance

Clusters and competitiveness show that clusters are part of competitiveness (Porter, 1990), (Porter et al, 2007). And location prosperity, companies opportunities and clusters to have productivity of high level, depending on general business, not only the macroeconomic, social, political and legal context, geography, and other institutional aspects.

However, clusters help companies to improve business quality in order to have a better economic performance. Strong clusters of companies can change business advantages into competitive ones. Also, clusters can be a business result as they are developed and improved in a strong business environment.

Therefore, clusters depend on the economy development. Clusters development and performance are less in developing countries. Also, value chains which focus on primary activities can be operated and supporting activities are provided. In addition, supporting services can barry foreign investors (Porter and Ketels, 2008).

Firms can compete depending on cheap labor or local natural resources and imported inputs, machinery and technology. On the other hand, local infrastructure and institutions like educational programs with industry associations arenot found nor efficient. Advanced economies and clusters contain specialized material and inputs, machinery and services, specialized infrastructure and institutions which provide training, information, education, research and technical support.

In the end, clusters are found in metropolitan (Porter, 1998c) and in far regions or areas (Porter et al., 2004). More economic activities create cluster effects, clusters specific kinds and it creates many clusters in metropolitan regions or areas. But in rural areas, distances are important. Also, specialization depends on individual clusters and other regions linkages like a close metropolitan (Porter et al., 2004).

Clusters can create economic benefits. The economic benefits of a cluster come in three dimensions (Porter, 1998a). First, clusters enable higher productivity. Companies can operate with a higher efficiency, drawing on more specialised assets and suppliers with shorter reaction times than when working alone. Second, companies and research institutions can build connections to better learn and innovate, as tacit information and knowledge are best developed and exchanged locally (OECD, 2001) and (Porter, 2001). Knowledge spillovers and the close interaction with customers, other companies, venture capitalists and knowledge-intensive service providers create more new ideas and provide intense pressure to innovate, while the cluster environment lowers the cost of experimenting. Third, business formation tends to be higher in clusters. Start-ups are more reliant on external suppliers and partners – all to be found in a cluster. Clusters can spread the cost of failure, as entrepreneurs can fall back on local job opportunities in the many other companies in the same field (Wennberg & Lindqvist, 2008).

2.1.10. Summary

This chapter focused on and discussed three main points as below:

1- First point focused on facts and general information about Hebron city, situation of industry and its position in the national economy in Palestine and on world level; its interest in industry particularly shoe – making and leather. This industry; it is true, in Hebron and in Palestine forms 75% of the whole industry in Palestine, approximately. Then, tanning workshops and shoe – making had been discussed in Hebron governorate, and generally in Palestine; comparing that industry with same in the world from points of view of export and import.

2- Second point talked about competitiveness among researchers, the definition of "Cluster". The definition of Porters of 1999 and 2000 had been approved. The study, too, discussed the models used to analyse the present situations of companies and their competitiveness situations of companies, in addition to approve Porters Diamond model with its dimensions to analyze present situations and the performance of shoe-making and leather sector, then approving the Five Forces model to analyze the external environment of the sector on the level of State of Palestine, and to what extent those models are reflected with all elements and dimensions on strategic structure of each company and the competitive feature of companies in particular that may be reflected on achieving competitiveness of shoe-making and leather sector, generally.

3- The third point shall discuss previous studies that talked about clusters and their effect in achieving competitiveness, improving performance of companies. The study of (Sultan S., 2014) had been approved as a main reference to my study. I benefited from previous studies in forming hypotheses of the study and the general direction of the study, then forming the questionnaire in reference to previous studies. What distinguishes this study from other previous studies had been identified as it is the first study in Palestine that is applied to shoe and leather sector, and also the first study that uses SEM in statistical analyzing and conclusions .

2.3. Literature review

2.3.1. Previous studies

The previous studies had focused on impact of clustering on the competitiveness, and I will try to follow up some of these studies:

(Sultan S., 2014)studied competitiveness of the Palestinian stone and marble sector through clustering: This shows the role of cluster in the marble and stone as a device to develop its competitiveness. The Palestinian stone cluster was weak and its action was low in the cluster. In addition, working in a cluster and competitiveness relationship was positive and strong. Also, a cluster aimed to improve productivity, innovation and competitiveness as reducing resources cost, the mass of skills, products cost. Moreover, the cluster provides economic skills like workforces, capacity of research, improvement and structure, trust, energy, cooperation and collaboration that are necessary for competitiveness and business sustainability.

(Sultan, 2007) had shown The Competitiveness Advantage of Small and Medium Sized Enterprises: The Case of Jordan`s National Stone Industry: The aim is to show the roles of competitiveness of the SMEs working in processing the natural stone sector in Jordan and decide the factors to improve their competitiveness. These are from Porter`s diamond (1990), and Porter`s five competitiveness forces (1979, 1980). In addition, this shows ICT impact on SMEs competitiveness. Moreover, it contains the research question: How can the SMEs working in processing the natural stone in Jordan move from the factor- driven stage to the innovation – driven stage?.

(UNIDO, SME Clusters and Responsible Competitiveness in Developing Countries, 2006) in his study showed three major subjects: cluster improvement, practice of business, international competitiveness and business. Particularly, it shows business practice on SMEs clusters in developing countries. However, this includes thousands of industrial clusters. With health and safety needs, managing environment and society put clusters in competitiveness? SMEs clusters improve competitiveness and improve business results and impact of environment.

But research hypotheses show: (a) clusters encourage practice of business (b); businesses have an opportunity to work collaboratively; (c) cluster can reduce cost and risk and have standards and tools, and it worked to make trust and capacity; (d) having a collective action, conversation, trust and capacity building of clusters and other organizations and sectors.

(Smirat & Sharif, Strategic determinants of family firm performance, 2014) has discussing a proposed research framework as follows:

This study shows a question of a strategic orientation to develop performance in family and how environment and family perspectives' influence. Based on 380 firms of Palestinian family, organizational structure and the influence of environment achieve a high performance. However, the major goal is examining family influence on strategic orientation, environment and performance of family. Family firms lead to a strategy with an organizational structure to achieve a performance of family firm. Also, family firms make a strategy with an organizational structure to achieve a performance of superior family. In addition, strategic perspective and organizational structure are connected in family performance. Moreover, the main question remains: What is the moderate effect of family influence on the relationship between strategic perspectives aligned with organizational structure and family firm performance?

(Global Competitiveness Report, GCR, 2015), Studied Global Competitive Index: It is an annual report by the World Economic Forum, the International Competitiveness has reached many countries by Global Competitiveness Index since 2004. Also, 2015-2016 report helped 140 economies, productivity and prosperity. But the report series is the main national competitiveness assessment to have a conversation between government, business and civil community about actions to develop economic. In addition, competitiveness can be defined as institutions, policies with factors to decide productivity levels. Productivity level provides prosperity an economy worldwide.

On the other hand, there are reforms to improve productivity needed to break out of the "new normal" as follows: In spite of re-ignite recovery, international economic growth is low, but unemployment is high. Therefore, The Global Competitiveness Report urges productivity-enhancing reforms not to deal with that. However, competitiveness leads to resilience by: considering competitiveness is the key to development and resilience. Economic crisis and performance since had shown 2008 had shown the weaknesses and effects, in addition to recovery from shocks. There is more competitive economies but least economic growth: because they support crisis or can recover faster. This happens in the development stage.

In addition. (Garelli, 1997) in his study says: One of four forces can cause a competitiveness environment (economy of globality and proximity). Globality expects productivity getting to the end-user is necessary. Also, markets worldwide can benefit mainly in operational costs. Generally, it is competitive and has a price efficiency. Also, a cluster economy supplies with services value.

(Baptista & Swan, 1998) had formed the following question: Do firms in clusters innovate more? This question suggests if firms in industrial clusters or areas can innovate than those outside. It tests innovative activity to innovate in the UK. Also, between 1975-1982, 248 manufacturing firms were tested and related to employment in their areas. However, the firm can innovate if the sector employment is strong. But in other industries isn't significant. This may cause effects and benefits in the cluster. So the goal of this is to decide if clusters firms of employment measure cluster strength and innovate more.

In addition, (Maryann p, Francis, & Bercovitz, 2005) Creating a Cluster While Building a Firm: Entrepreneurs and the Formation of Industrial Clusters: in his study shows the ability of entrepreneurs to create a cluster as they build their firms, and build resources and community. The model advanced maybe specific for innovative, technology-intensive entrepreneurial clusters suggested the literature would be enhanced with more comparative case studies that consider cluster genesis and produce nuanced typologies of the variations of cluster formation. It is hypothesized that the economic success and sustainability of entrepreneur- catalysed clusters will be a result of the policy environment and the adaptability of the growing resource base.

(Venkataramanaiah & Kumar, Building Competitiveness: A Case of Handicrafts Manufacturing Cluster Units, 2011). This paper presents various drivers that are affecting competitiveness of handcrafts manufacturing units of a cluster through empirical study. Various challenges faced by the cluster units were identified through field visits, interaction with stakeholders and detailed analysis. Based on the study a suitable framework and recommendations for improving competitiveness of the cluster units is proposed and policy implications were identified.

The primary objective of the study is to provide recommendations based on detailed analysis that helps in building the competitiveness of the cluster. The study is aimed at improving the productivity of the production process by reducing wasteful /non-value added activities in the manufacturing process and disseminating the results across the cluster. The study also aimed at identifying the bottlenecks in manufacturing, distribution and other supporting areas and suggesting remedies that help in enhancing the competitiveness of the cluster units. The study is aimed at identifying the bottlenecks in the handcrafts manufacturing and distribution process and improving the productivity and competitiveness of the cluster units. The results of the study show that significant gains in productivity are possible with minor modifications in the production process and this will help in improving the competitiveness of the cluster units.

(Yung-Lung Lai et al, 2013) shows the following : Research on industrial clusters mostly focuses on the effects of the competitive advantage they generate. This study takes a different approach, conducting empirical research on three types of Taiwanese parks (export processing zones, industrial zones, and science parks), in which economic development is particularly prominent, and which have industry cluster characteristics. The study explores the effects of special resources and relationships among cluster firms on innovation performance, and focuses on knowledge management as the mediator for investigation. A survey, regression analysis, and correlation analysis probe into the effects of the special resources and relationships among industrial clusters on corporate knowledge management and innovation performance. Knowledge management emerges as the mediator of industry clusters in terms of corporate innovation performance, thus providing support for the research hypotheses. The findings of this study are valuable for further research and strategic thinking on the sustainability of corporate operations. This study divides industrial clusters into two variables (namely, cluster resources and cluster relationships) and divides knowledge management into knowledge creation and acquisition, and knowledge dissemination and storage

In this study: Cluster or un-clustered industries? Where inter-firm marketing cooperation matters, (Flezenszein et. al.,2012) says: the purpose of this study is to compare the inter-firm marketing strategies between a clustered regional industry sector and non-clustered regional industry sectors based on natural resources and located in an emerging economy context in Latin America. Research question is “what are the significant differences in variables of inter-firm marketing cooperation among cluster and non cluster firms?”

Main conclusion of this study was that firms with higher levels of R&D intensity are more intent on engaging in R&D alliances, especially research collaboration with universities. Moreover, more firms located in defined clusters of the biotechnology industry engaged in collaborative R&D that firms located elsewhere,conclude that the development and use of personal relationships at both formal and informal levels are more frequent in clustered industries,and conclude that in order to improve firms’ strategic position, social networks should be leveraged to yield inter firm cooperation in marketing. When the cultural environment or geographical distance inhibits social networks, managers should pursue inter-firm co-operation in order to benefit from marketing externalities.

(Dragicevic & Mirjana, 2006) was examined is that the strategic development goal of Croatian economy is to develop its competitive advantages through regional clusters.

The goals of this paper is to evaluate institutional framework that supports the regional competitiveness growth and to analyse the existence or non-existence of regional clusters in two different counties. The result of the research is that the main prerequisites for regional clusters development are missing. First of all, the appropriate institutional basis for regional development is not built up. At the same time, institutional infrastructure, by itself, cannot initiate and create regional clusters. They have to be built on the bottom-up basis. The concluding remark of our research is that there is a huge task of strengthening bottom-up initiatives to encourage the regional clusters development

(Hsu&Yung-Lung-Laiy, 2013) examines the special economic zones and performs an empirical study on industry clusters and company competitiveness. The purpose is to explore the strategic resources of industry clusters in special economic zones, the relationship with company clusters and the effects on company performance.

The study finds that the strategic resources of clusters in special economic zones are indeed a key factor that influences the relationship with industry clusters, and also enhance enterprise competitive advantage. All the hypotheses are supported. The study also proves that the resources and relationships associated with industry clusters have impacts on company performance and can enhance company competitiveness

In conclusion, the study supports all hypotheses: (a) Cluster resources have a direct relationship and a positive and significant correlation with cluster relationships; (b) Cluster resources, geographic concentration, and vertical integration as cluster relationships are directly correlated. Such a correlation is positive and significant; (c) Cluster resources have a direct relationship and a positive and significant correlation with resource sharing across the supply chain; (d) Cluster resources have a direct relationship and a positive and significant correlation with horizontal competition and cooperation among companies; (e) Cluster resources have positive and significant effects with company performance; (f) Cluster relationships have positive and significant effects with company performance.

(Yung-Lung Lai et. al., 2014) explores the effects of special resources and relationships among cluster firms on innovation performance, and focuses on knowledge management as the mediator for investigation. However, the conclusion of study support of all hypotheses shows that firms resources and relationships in order to have knowledge management, and to create knowledge that influences innovation performance. In addition, knowledge management and innovation are related. Moreover, effects of cluster relationship can influence innovation performance. Finally, industrial clusters relationship, knowledge management and innovation are related .

Competitiveness, cottage industries, and handlooms sector in Ethiopia were studied by (Abdella, The Competitiveness and Viability of Cluster Based Cottage Industries: The Case of Handloom Sector in Ethiopia, 2008) based on secondary data. Handloom sector chances and challenges were analyzed by cluster, for example, Gullele handlooms Cluster in Addis Ababa. Although cluster was old, it couldn't move to the following quality level with competitiveness. Despite cluster positive externalities which enable weavers to perform, there is no force to get benefits from joint action.

On the other hand, (Abdella and Peerlings ,2006) had studied the value added to cluster membership of enterprises which matches Handloom Sector in Ethiopia. Their main objective is to investigate the benefits of clustering comparing with clustered micro enterprises. There is a beneficial one in Ethiopia. For clusters of micro enterprises with same characteristics, they are gender and schooling which affect the same clustered ones in urban and far areas. Moreover, according to the results, clustering is necessary in markets in order to transport infrastructure of city or urban areas. But micro enterprises in cluster of rural areas to show traders importance to reach far or rural markets. Cluster micro enterprises profit is higher in rural areas than ones located in clusters.

Furthermore, Ayele, et al. (2010) shows in his study that Infrastructure and Cluster Development, A case Study of Handloom Weavers in Ethiopia showed weaver clusters in rural and urban areas. They said that clustering is necessary in non-farm industry. They also tested clustering mechanism and performance of the cluster-based handloom production in rural areas and its necessity in restricted environments. In addition, clustered producers build credit linkages for constraints work where there is no financial institutions. Also, geographical clustering helps entrepreneurs who have limited capital to join business by workspaces and labor division. Finally, in spite of the production clustering model working in bad environments, an infrastructure can develop cluster performance. Also, producers who work in towns with electricity spend long time comparing who work in non-electrified towns. Moreover, shared rental cost workshops attract or encourage poor to join handloom production more than others.

2.3.2.Comments on the previous related studies.

In this section, the evaluations of all the above reviewed literature empirical studies are briefly summarized.

In (Sultan, 2007) study, the findings rejected all hypothesis. First, the analysis of data shows that there are significant differences in all competitive factors confronting the SMEs working in the natural stone sector between Jordan, Turkey and Italy. Second hypothesis, the individual relationship preferences are not the reasons for pushing the SMEs working in the natural stone sector in Jordan to work individually or in partnership. Third hypothesis, there are significant differences in the influence of the different scenarios of the generic strategies on the competitive advantage of the SMEs working in processing the natural stone sector in Jordan, Turkey and Italy. Fourth hypothesis, here are significant differences in the impact of the ICT on the competitive elements of the SMEs working in the natural stone sector between Jordan, Turkey and Italy.

In his study (Sultan S. , 2014) used the same hypotheses of my study and the results support all those hypotheses. This shows the role of cluster in the marble and stone as a device to develop its competitiveness. In addition, working in a cluster and competitiveness relationship was positive and strong.

In addition, (UNIDO, SME Clusters and Responsible Competitiveness in Developing Countries, 2006) showed in his study: SMEs clusters improve competitiveness and improve business results and impact of environment.

Furthermore (Global Competitiveness report, GCR, 2015) . Studied Global Competitive Index. This report focused on achieving competitiveness through productivity. This enhances my study as clusters enhance and increase companies' productivity.

(Garelli, 1997) in his study says: the economy of proximity inherent in a cluster, provides value-added services close to the end use.

On the other hand, (Baptista & Swan, 1998) had formed the following question: Do firms in clusters innovate more? This question suggests if firms in industrial clusters or areas can innovate than those outside.

(S. Venkataramanaiah, N. Ganesh Kumar, 2011) (Venkataramanaiah & Kumar, Building Competitiveness: A Case of Handicrafts Manufacturing Cluster Units, 2011) shows in his study: a cluster manufacturing handcrafts competitiveness is affected by different factors. Cluster faced challenges in field units, analysis and stakeholders. The study results suggest productivity gains can be achieved in the production process in order to improve the cluster competitiveness. (Feldman et al, 2005) shows in his study: that the economic success and sustainability of entrepreneur-catalysed clusters will be a result of the policy environment and the adaptability of the growing resource base.

Furthermore, in their study (Hsu & Yung-Lung-Laiy, 2013) , they have used a Cluster resources and Cluster relationships assumptions have positive and significant effects with company performance . the result indicates that there is a positive relationships between Cluster resources , Cluster relationships and company performance. This come in with the hypotheses in my study. On the other hand, research hypothesis shows that clusters of industry can influence knowledge management. Knowledge management can influence innovation performance. Also industry clusters can influence innovation performance. In addition, knowledge management affects industry clusters on the performance of innovation.

(Flezenszein et. al.,2012) : Comparing strategies of the inter-firm marketing between a cluster regional industry sector and none one depending on natural resources in economy of Latin America. The question remains " What are the significant differences of variables in inter-firm marketing cooperation among cluster and non-cluster firms?. However, the conclusion is R&D intensity higher levels firms related to its alliances, as university collaboration. In addition, the biotechnology industry has more firms in collaborative R&D. Personal relationships developments and use of formal and informal levels occur more in clustered industries. On the other hand, "strategic position" is improved and social networks to be in marketing. If cultural environment prevents social networks, managers must find inter-firm cooperation to benefit from marketing.

On the other hand (Dragicevic & Mirjana, 2006) examined Croatian economy strategic development goal in order to improve its competitiveness by clusters. However, the main goals are to evaluate the framework which supports competitiveness and analyze clusters in different countries. Finally, the result is that clusters development perquisites are missing. First, regional development basis isn’t formed. Regional clusters cannot be initiated and created by institutional infrastructure alone. But they should be built on bottom-up basis. Also, strengthening bottom-up initiatives in order to develop regional clusters.

In (Yung-Lung Lai, et. al., 2014) they have put an assumption which indicates that study special resources and relationships among cluster firms affect on innovation performance, and outcome of the study support this hypothesis.

But in their study (Yung-Lung Lai, et. al., 2013) they used another dimension in their hypotheses by resorting to the Industry clusters significantly and positively that influence on innovation performance, and again it has the same outcomes.

By reviewing the studies that have adopted these assumptions, it was found that there are variety in their results. However, for the parallels, the study agreed with (Sultan S., 2014) study which has a positive and strong relationship between working in clusters and enhanced performance. Thus the competitiveness of the firms could be further enhanced by building networks and closely working with the related and supporting industries stakeholders such as universities, architects, shippers, banks among others.

From the reviewed literature empirical studies, many studies described success factors for industry cluster initiation and development, and how clusters to improve competitiveness. Also many critical success factors of cluster development and the benefits of clustering have been written and reported, but there is little work that discuss the obstacles to cluster development. Moreover, most of the obstacles are discussed at length in terms of clusters than in terms of clustering due to the engaging characteristics, objective of collaboration, definition of cluster and how management this cluster to achieve competitiveness through clustering process and so on. This study proposes a framework and methodology for studying competitiveness of the Palestinian shoes and leather sector through clustering .

Previous studies have recommended to implement the concept of clusters to improve the competitiveness of this industry, so we should study the case in shoe and leather sector in Hebron city.

2.3.3.The hallmarks of this study

This study is one of the few in the developing countries and the only study in Palestine that has utilized SEM Model for assessing Competitiveness of the Palestinian Shoes and Leather Sector through clustering.

This study is considered the first study in Palestine, which dealt with Shoes and Leather Sector in Hebron district, which is one of the most important economic and developmentally sector.

Previous studies have indicated the importance of the study. Accordingly, the current study has benefited from previous studies in many aspects: Aspects of getting the advantage from previous studies:

1. Formulation of the theoretical framework of the study.
2. Identifying the problem of the study.
3. Displaying its significance and justification.
4. Identifying the methodology of the study.
5. Designing the study tools.
6. Useful information for several resources that related to the problem of the study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

This chapter introduces the research approach adopted in the study. It thoroughly explains the advantages and disadvantages of the research methodology, justification, and answers to the research questions in order to achieve the objectives. The research also illustrates the tools and techniques utilized to gather relevant information. Based on the literature review from the previous chapters, this research incorporates a survey to analyze the existing current system at the targeted companies.

The research is divided into three stages: (a) it starts with the available literature on the concept of cluster , and the main reason of this process in order to deeply understand the research context. Academic literature, few businesses, in addition to other sources of appropriate literature were conducted. Literature review part includes the investigation of books, journal articles, tertiary literature, such as indexes and catalogues, company minutes, governmental surveys, internet websites, surveys of chambers of commerce and professional association in order to highlight previous literature that will benefit the researcher to adapt the model used in the research; (b) After building up the model and identifying the indicators, the researcher measures and analyzes the current system, and the indicators specified in the literature. Then the researcher established the research framework ; developed the questions and hypotheses. In turn, part (c) explain the operational definitions and measurements of individual variables, research tools, statistical methods, questionnaire development, and recovery, and the sample profile. AMOS Program is used to analyze the data collected from the questionnaire. It also describes the research findings and compares theories with empirical results in order to draw conclusions. Finally, and in terms of items' design, the nominal and Likert 5-point scale is used.

This research aims at investigating the extent of clustering on companies' competitiveness. Different methods and approaches are used to answer the research questions through the use of a questionnaire, and secondary data.

This chapter presents an overview of the research methodology used. A presentation of the study population is discussed in section 3.2. Sample distribution is discussed in section 3.3. Section 3.4 illustrated research tools. Moreover, section 3.5 covers the research methodology. Section 3.6 deals with variables and model research. Section 3.7 discusses reliability and validity. Finally, section 3.8 presents statistical treatments, And section 3.9 summary

3.2. Study Population

The population of the study includes the SMEs that produce shoes and leather in Hebron. Population framework and sampling were taken from Hebron Chamber of Commerce and Industry records of registered and member SME for 2015/2016. The population reached 262 small and medium enterprises.

Leather and Shoes Cluster starts with a core member group of 18 SMEs across the leather and shoes value chain in Hebron in 2013. Since then, the cluster has expanded to include around 80 active members with inclusive representation for the whole value chain like tanneries, chemicals suppliers, accessories suppliers, designers, mold makers, sole makers, last makers, shoes manufacturers, and retailers.

3.3. Study Sample

A stratified random sampling was used; Simple random sampling is a sampling design in which k distinct items are selected from the n items in the population in such a way that every possible combination of k items is equally likely to be the sample selected. The five main techniques are: simple random, systematic, stratified random, cluster, and multi-stage. (Thompson, 2012) .

The population was divided into five strata based on the value chain;A model of how raw materials are received as input, have value added to them through various processes and then sold on as finished products to consumers (Sultan, 2007) . Distribution (tanneries, shoes raw materials supplies, designers, manufacturers, and market).

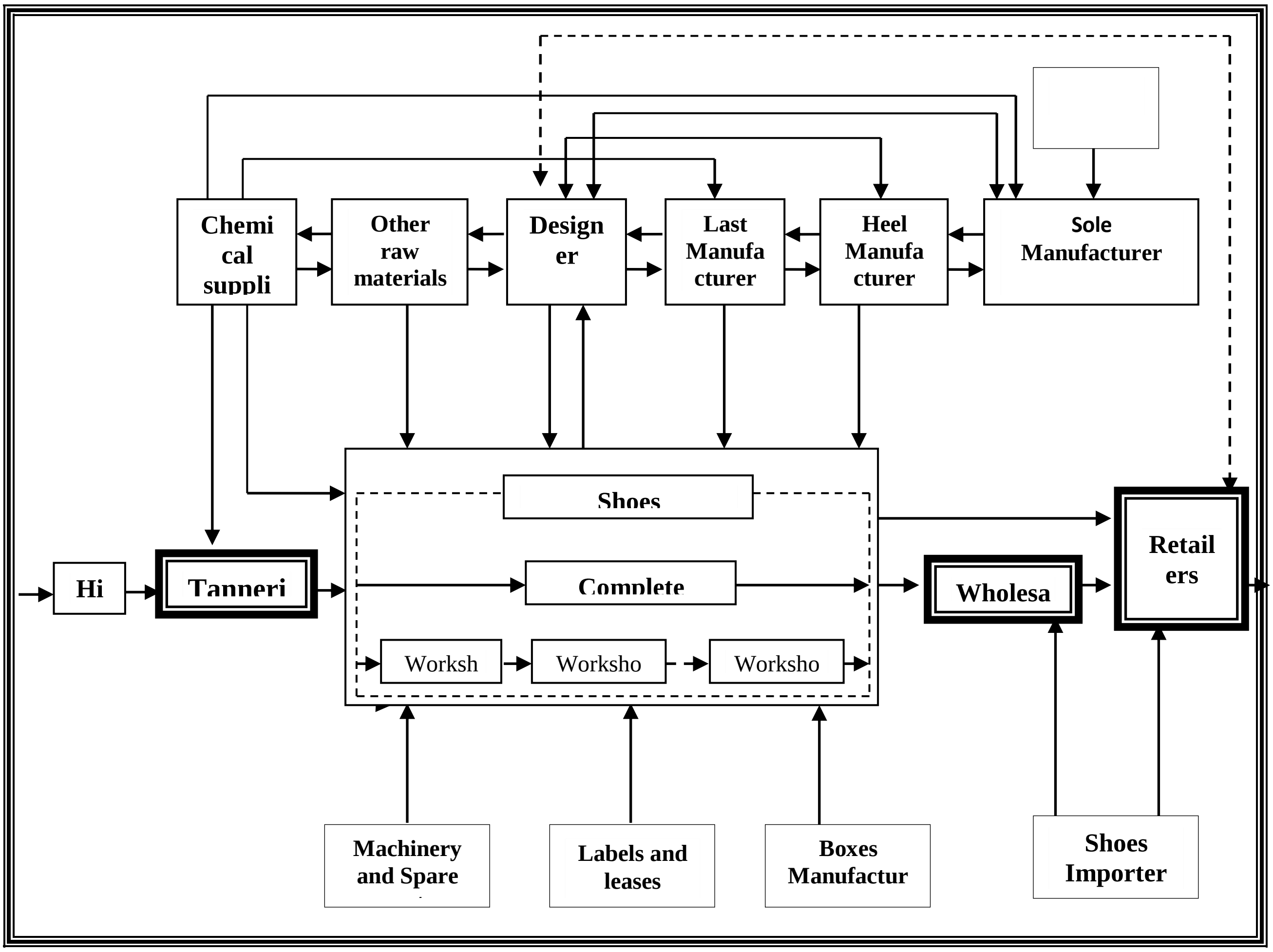
The division of the study population into a relevant series indicates that the sample is more likely to be representative; and each strata is represented proportionally within the sample (Table 3.1). The totalpopulation is the sum of all the SMEs working in processing the shoes and leather in Hebron. The total number is (262) firms distributed as 12 in tanneries, 10 in shoes raw materials supplies, 15 in designers, 200 in manufacturers, 25 in market. **Sample size = 50%** of population documentation,(Saunders,et.al., 2009), **The margin of error = (5%)**.

The researcher decides to take a stratified simple random sample from small and medium shoes and leather companies in Hebron district. Many methods were used for this purpose but the most common one is using the sample survey system web page calculator (www.surveysystem.com) to determine the sample size. Using 95% confidence level to determine the sample from 262 firms, we conclude to a sample size of131 Firms which represent our sample size;However, we were able to get 177.

Table 3.1: Population Distribution

<table>
<tr><th>No</th><th colspan="3">Category</th><th>population</th><th>Sample size (50% of population</th><th>Name</th></tr>
<tr><td>1</td><td colspan="3">Tanneries</td><td>12</td><td>6</td><td rowspan="20">The name of company is attached as Appendix A- 4 at the end of the research report.</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Shoes raw materials supplies</td><td colspan="2">Shoes raw materials supplies</td><td rowspan="2">10</td><td rowspan="2">5</td></tr>
<tr><td colspan="2">Chemicals supplies</td></tr>
<tr><td>3</td><td colspan="3">Designers</td><td>15</td><td>8</td></tr>
<tr><td rowspan="11">4</td><td rowspan="11">Manufacturers</td><td rowspan="6">Shoes Factories</td><td>Men shoes</td><td rowspan="11">200</td><td rowspan="11">100</td></tr>
<tr><td>Women shoes</td></tr>
<tr><td>All shoes</td></tr>
<tr><td>Injection</td></tr>
<tr><td>Medical shoes</td></tr>
<tr><td>Sports shoes</td></tr>
<tr><td colspan="2">Shoes Workshop</td></tr>
<tr><td colspan="2">Sole Producer</td></tr>
<tr><td colspan="2">Heel producers</td></tr>
<tr><td colspan="2">Mold Producers</td></tr>
<tr><td colspan="2">Template Producers for the sole factory</td></tr>
<tr><td rowspan="2">5</td><td rowspan="2">Market</td><td colspan="2">Wholesaler</td><td rowspan="2">25</td><td rowspan="2">12</td></tr>
<tr><td colspan="2">Retailer & Shows</td></tr>
<tr><td colspan="4">Totals</td><td>262</td><td>131</td></tr>
</table>

Figure 3.1. Leather and Shoes Value Chain



Source : (HCCI, 2015).

1- **Tanneries :** Tanning the rawhide leather to become ready shoe making.
2- **Shoe Maker or manufacturers:** There are two types: first, is a whole shoe making where all the process is done in house. Second, is the part making workshop where they just make one process like stitching , or cutting.
3- **Whole seller and retailers:** Those who distribute shoes to the final shop or directly to the customers.
4- **The chemical supplier:** People, traders importing from abroad, who usually supply the needed chemicals to tanneries and to shoe makers.
5- **Last Makers,** are the ones who finalize the products based on the design which is needed for shoe making. “ the last is mainly plastic and it take the shape of a foot”.
6- **Heel Maker,** Although they are few,they dominate the local market as they produce all different types of heel.

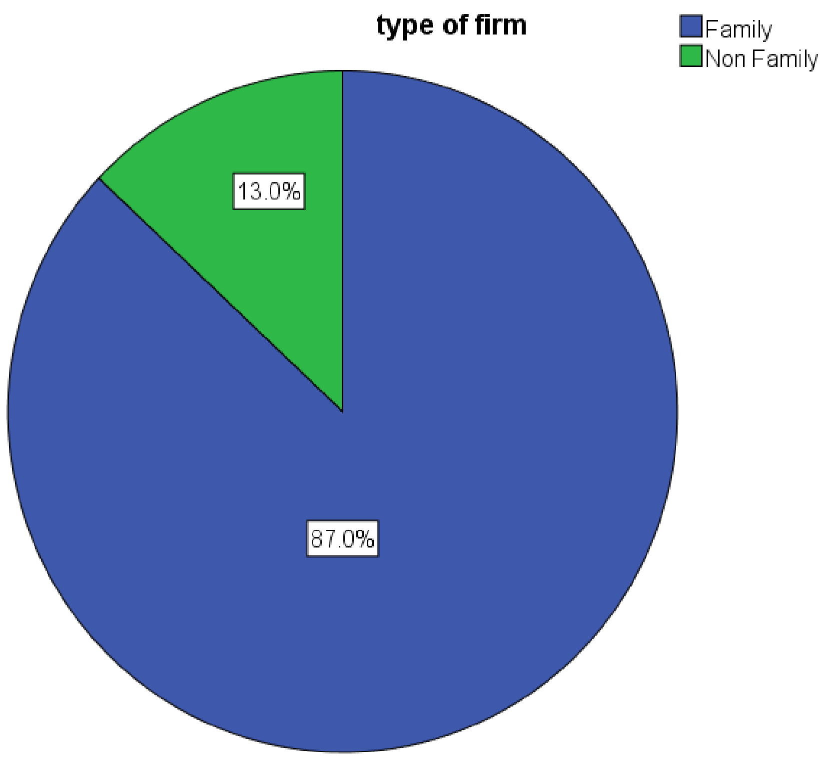
7- **Machineries and spare part suppliers:** Technicians who maintain machines at the shoe factory, some of them are specialized in shoe machines while some other perform the job based on their general knowledge..
8- **Labels and Leases,** mainly are imported through the shoe suppliers shop. But there are few workshops that produce customized labels.
9- **Boxes:** the main packaging method for shoe, they are cartoon boxes locally produced with all needed labeling.
10- **Sole Manufacturers,** are a factory that produces sole (in & out) from different materials, by injecting it in a template.
11- **Template producers,**Those who produce the shape of the sole on a template using either CNC or casting.
12- **Designer,** are those who design the shoe & the shoe patterns

3.3.1.Sample distribution

Table 3.2: Type of your enterprise

		Frequency	Percent
Valid	Family-owned	154	87.0
	Non-Family owned	23	13.0
	Total	177	100.0

Figure 3.2.Type of your enterprise

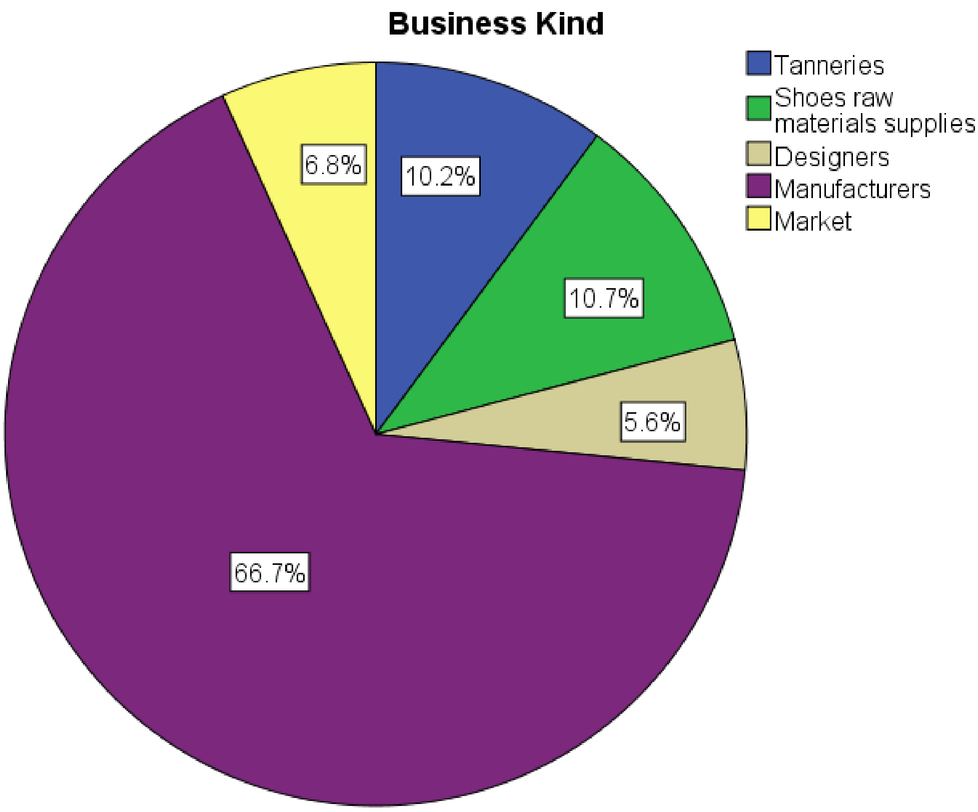


According to the **Type of firm, 87.0%** of the sample were **Family-owned** and **13.0%** were **Non-Family owned.**

Table 3.3: Type of Business

		Frequency	Percent
Valid	Tanneries	18	10.2
	Shoes raw materials supplies	19	10.7
	Designers	10	5.6
	Manufacturers	118	66.7
	Market	12	6.8
	Total	177	100.0

Figure 3.3.Type of Business

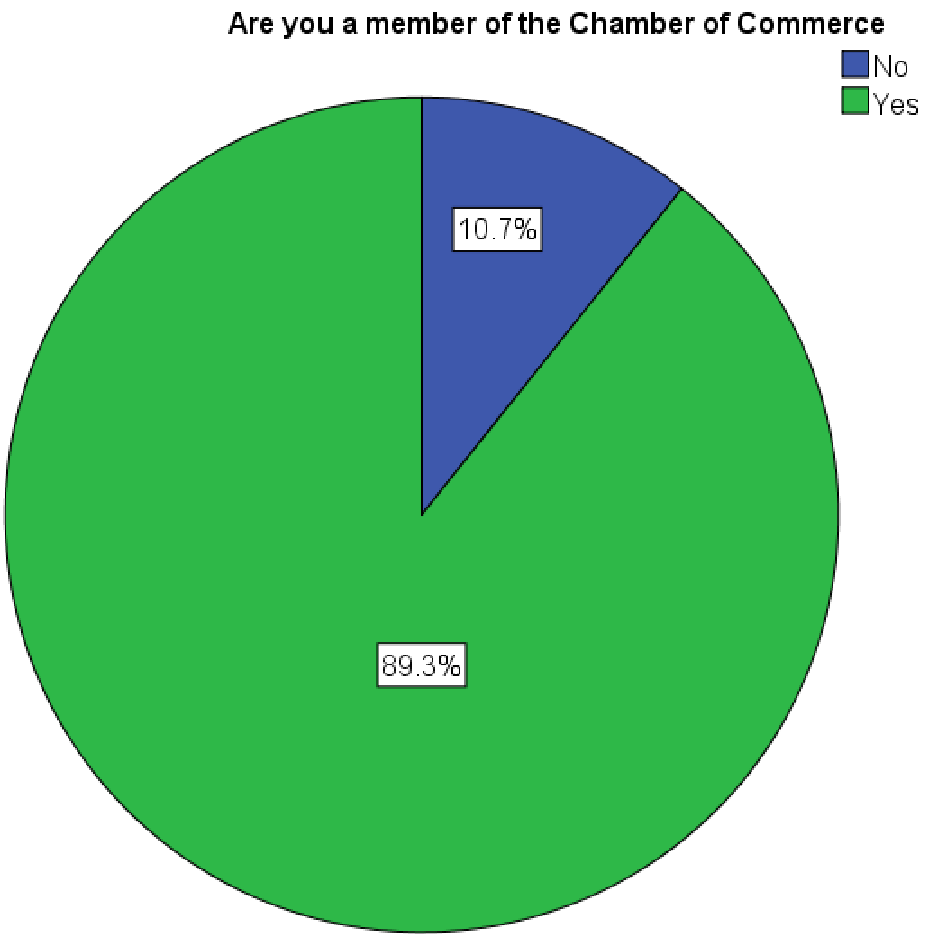


According to the **Type of Business, 10.2%** of the sample were**Tanneries** and**10.2%** were**Shoes raw materials supplies**and**5.6%** were**Designers** and**66.7%** were**Manufacturers** and**6.8%** were**Manufacturers**

Table 3.4: Are you a member of the Chamber of Commerce?

		Frequency	Percent
Valid	No	19	10.7
	Yes	158	89.3
	Total	177	100.0

Figure 3.4.Are you a member of the Chamber of Commerce?

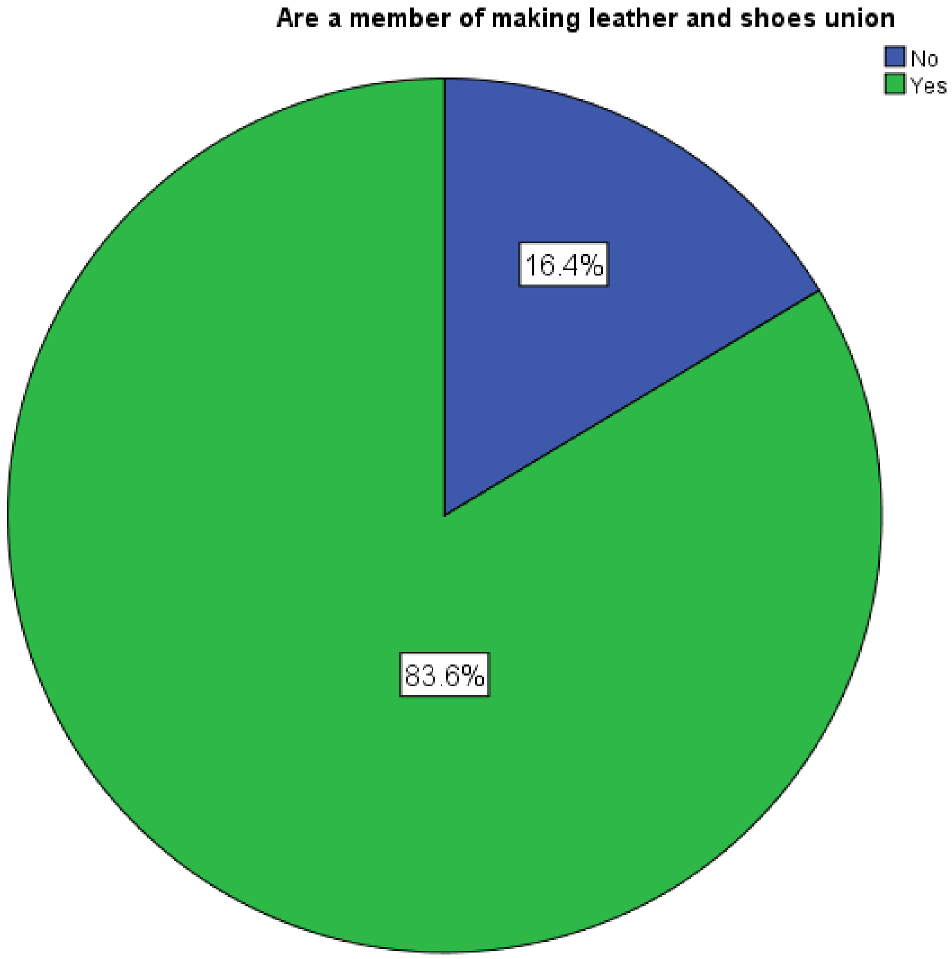


According to the**Are you a member of the Chamber of Commerce, 10.7%** of the sample were**No** and**89.3%** were**Yes.**

Table 3.5: Are a member of Leather and Shoes Union?

		Frequency	Percent
Valid	No	29	16.4
	Yes	148	83.6
	Total	177	100.0

Figure 3.5.Are a member of Leather and Shoes Union?

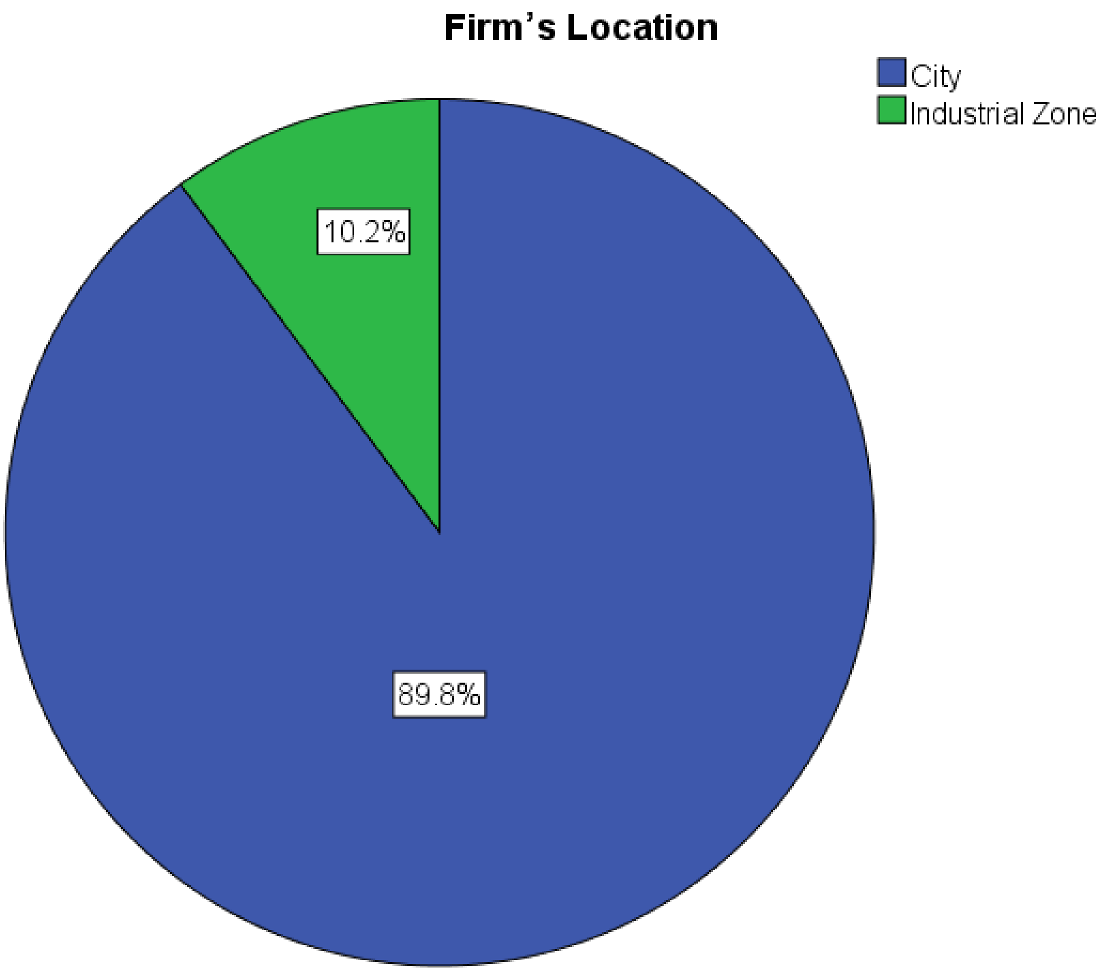


According to the**Are a member of Leather and Shoes Union, 16.4%** of the sample were**No** and**83.6%** were**Yes.**

Table 3.6: Enterprise' Location

		Frequency	Percent
Valid	City	159	89.8
	Industrial Zone	18	10.2
	Total	177	100.0

Figure 3.6.Enterprise' Location

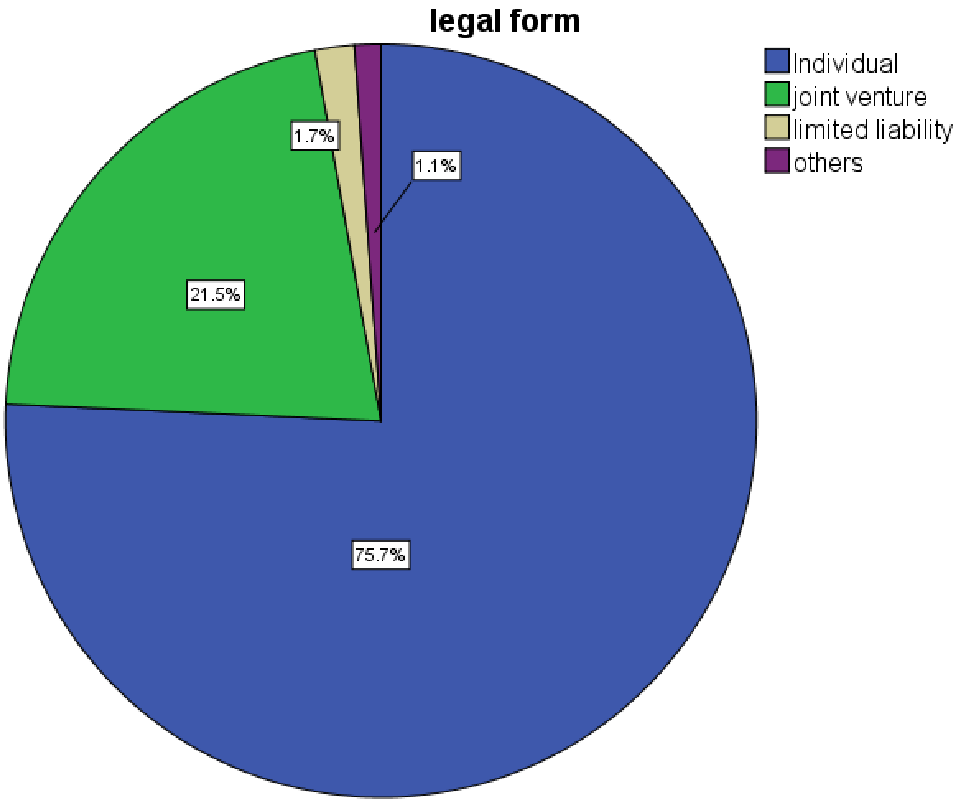


According to the**Enterprise' Location, 89.8%** of the sample were**in city** and**10.2%** were**Industrial Zone.**

Table 3.7: legal nature of your enterprise

		Frequency	Percent
Valid	Individual	134	75.7
	joint venture	38	21.5
	limited liability	3	1.7
	others	2	1.1
	Total	177	100.0

Figure 3.7.legal nature of your enterprise



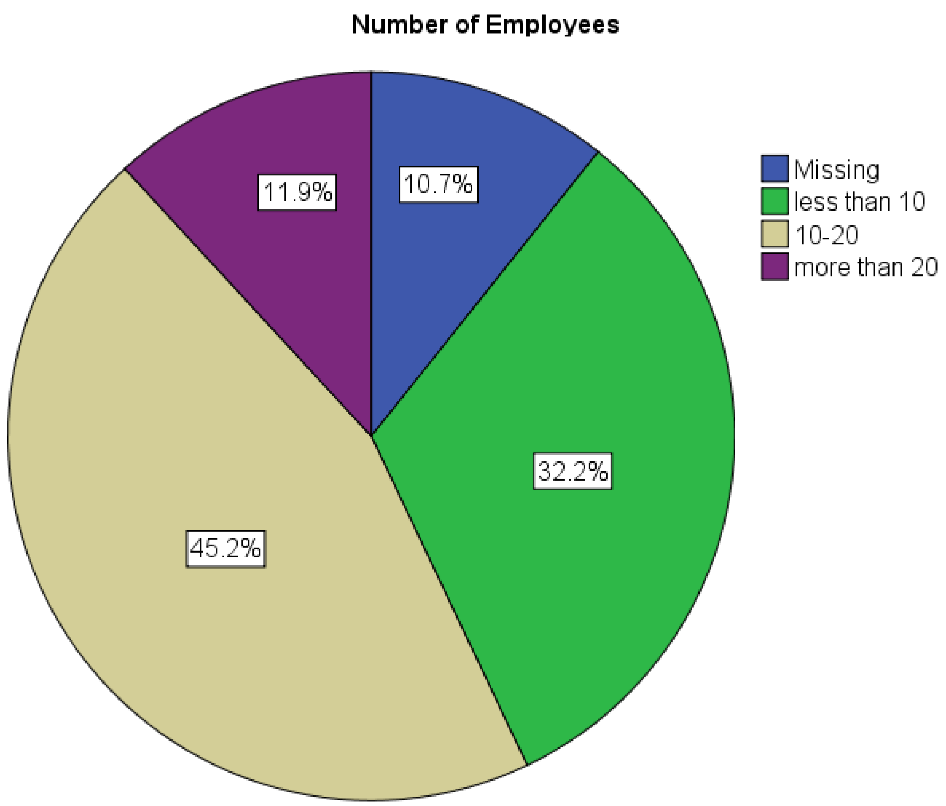
According to the**legal nature of your enterprise, 75.7%** of the sample were**Individual** and**21.5%** were**joint venture** and**1.7 %** were**limited liability**and**1.1 %** were**others**.

Table 3.8: Total number of employees

		Frequency	Percent
Valid	Missing	19	10.7
	less than 10	57	32.2
	10-20	80	45.2
	more than 20	21	11.9
	Total	177	100.0

For this question about 11% of respondents didn't answer this question

Figure 3.8.Total number of employees



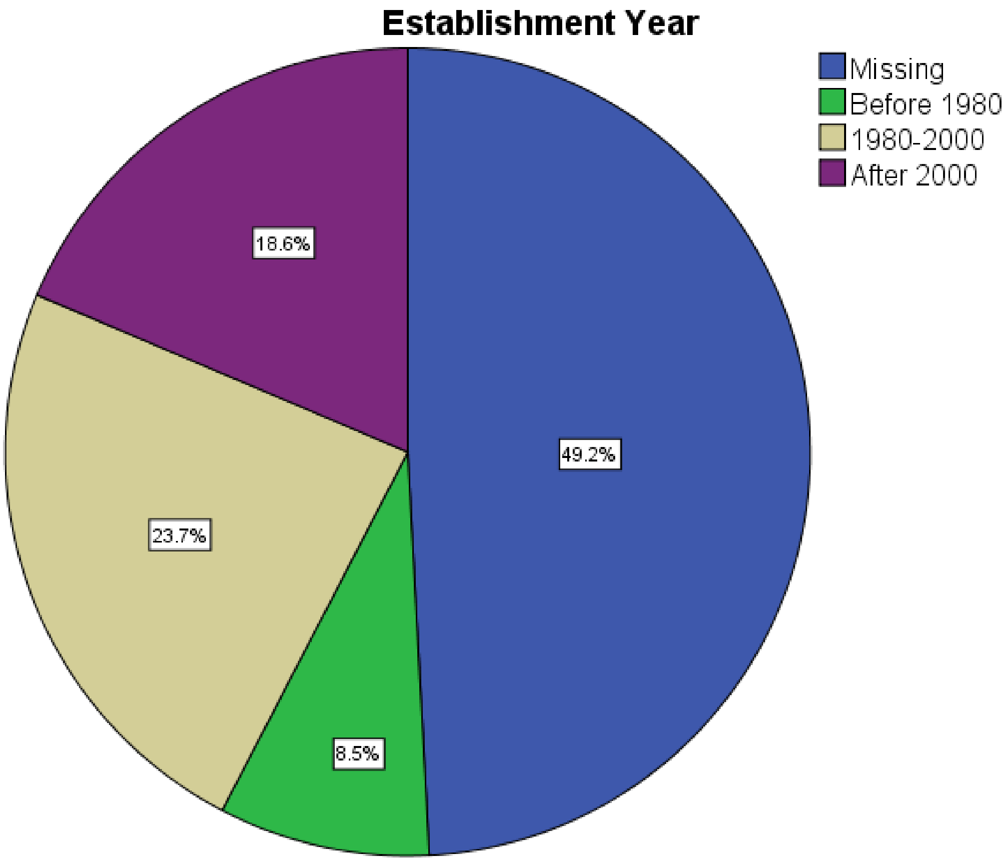
According to the**Total number of employees, 10.7%** of the sample were**Missing** and**32.2%** were**less than 10**and**45.2 %** were**10-20**and**11.9 %** were**more than 20**

Table 3.9: Year of Establishment

		Frequency	Percent
Valid	Missing	87	49.2
	Before 1980	15	8.5
	1980-2000	42	23.7
	After 2000	33	18.6
	Total	177	100.0

For this question about 49% of respondents didn't answer this question

Figure 3.9.Year of Establishment



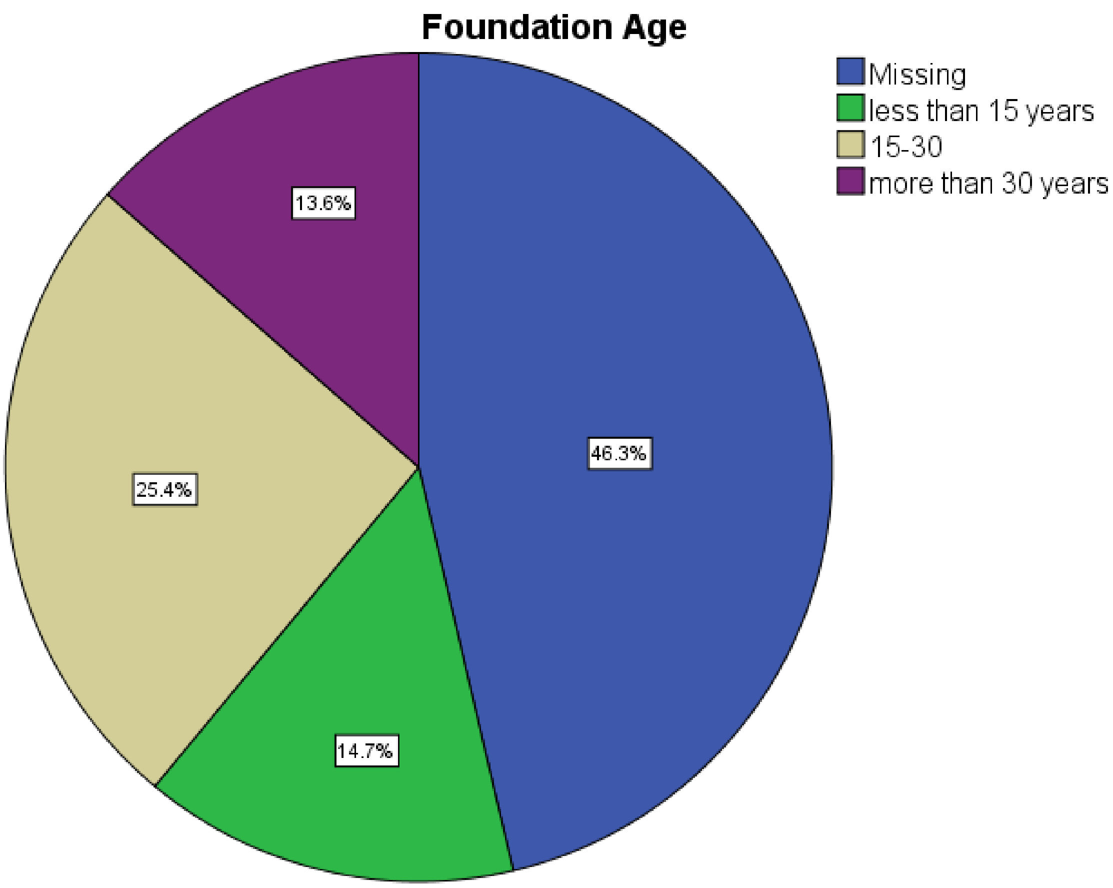
According to the**Year of Establishment, 49.2 %** of the sample were**Missing** and**8.5%** were**Before 1980**and**23.7 %** were**1980-2000**and**18.6 %** were**After 2000**

Table 3.10: Enterprise' Age

		Frequency	Percent
Valid	Missing	82	46.3
	less than 15 years	26	14.7
	15-30	45	25.4
	more than 30 years	24	13.6
	Total	177	100.0

For this question about 46% of respondents didn't answer this question

Figure 3.10.Enterprise' Age



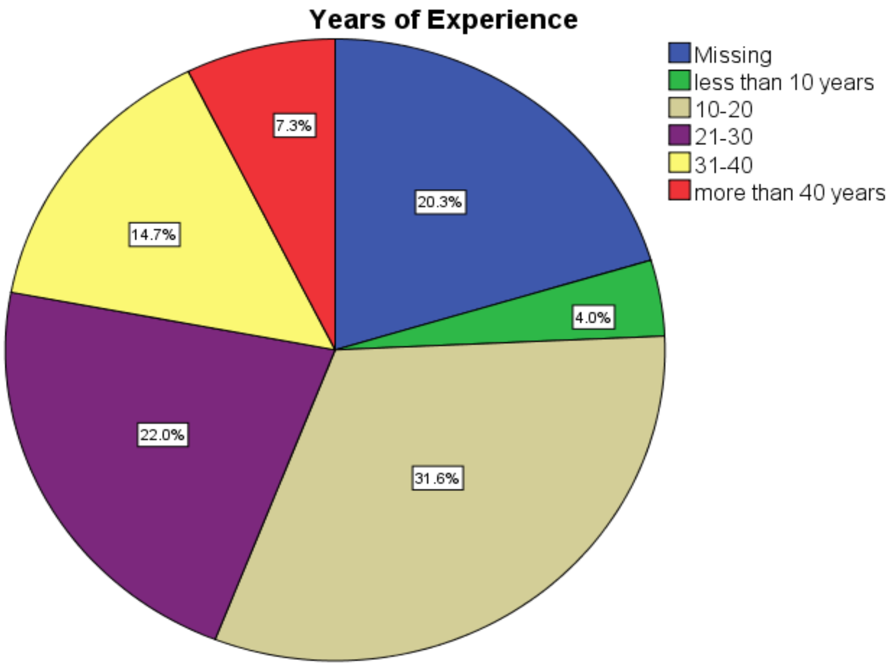
According to the**Enterprise' Age, 46.3 %** of the sample were**Missing** and**14.7%** were**less than 15 years** and**25.4 %** were**15-30**and**13.6 %** were**more than 30 years**

Table 3.11: Director's years of experience

		Frequency	Percent
Valid	Missing	36	20.3
	less than 10 years	7	4.0
	10-20	56	31.6
	21-30	39	22.0
	31-40	26	14.7
	more than 40 years	13	7.3
	Total	177	100.0

For this question about 20% of respondents didn't answer this question

Figure 3.11.Director's years of experience



According to the**Director's years of experience, 20.3 %** of the sample were**Missing** and**4.0%** were**less than 10 years**and**31.6%** were**10-20**and**22.0%** were**21-30**and**14.7 %** were**31-40**and**7.3 %** were**more than 40 years**

3.3.2.Sample Design and Administration

- A Stratified random sample was divided into five strata, simple random subsamples are drawn from within different strata that share some common characteristic.
- A simple random sample was applied for each stratum .This type of sampling was adopted because it offers more representative samples and less random sampling error; however, the disadvantage of this type is represented in complex information on the strata that might be difficult to obtain.
- The estimated level of confidence = 95% (z = 1.96)
- The estimated margin of error was tolerated = 5%
- The estimated proportion of responses = 100%

3.3.3.Stratified Sampling

If the variable we are interested in takes on different mean values in differentsubpopulations, we may be able to obtain more precise estimates of population quantitiesby taking a stratified random sample. Theword stratify comes from Latinwordsmeaning “to make layers”; we divide the population into H subpopulations, calledstrata. The strata do not overlap, and they constitute the whole population so thateach sampling unit belongs to exactly one stratum.We draw an independent probabilitysample from each stratum, then pool the information to obtain overall populationestimates.

1. We use stratified sampling for one or more of the following reasons:
2. We want to be protected from the possibility of obtaining a really bad sample.
3. We may want data of known precision for subgroups of the population.
4. A stratified sample may be more convenient to administer and may result in alower cost for the survey.
5. Stratified sampling often gives more precise (having lower variance) estimates forpopulation means and totals.

3.3.3.1.Theory of Stratified Sampling

We divide the population of N sampling units into H “layers” or strata, with Nhsampling units in stratum h. For stratified sampling to work, we must know the valuesof N1, N2, . . . , NH, and must haveN1 + N2 + • • •+NH = N,where N is the total number of units in the entire population.In stratified random sampling, the simplest form of stratified sampling, weindependently take an SRS(simple random sample) from each stratum, so that nh observations are randomlyselected from the Nh population units in stratum h. Define Sh to be the set of nh unitsin the SRS for stratum h. The total sample size is n = n1 + n2 + • • •+nH.

3.3.3.2.Proportional Allocation

If you are taking a stratified sample in order to ensure that the sample reflects thepopulation with respect to the stratification variable and you would like your sampleto be a miniature version of the population, you should use proportional allocationwhen designing the sample.In proportional allocation, so called because the number of sampled units in eachstratum is proportional to the size of the stratum, the inclusion probability $\pi hj = nh/Nh$is the same (= n/N) for all strata; in a population of 2400 men and 1600 women,proportional allocation with a 10% sample would mean sampling 240 men and 160women. Thus the probability that an individual will be selected to be in the sample,n/N, is the same as in an SRS(simple random sample). (Sharon, 2010).

3.4. Research Tools and Methods of Data Collection

This section highlights methods and clarifies reasons behind their selection.

Questionnaires can be used for in descriptive or explanatory research. As for the descriptive research, it identifies and describes the variability in different phenomena, however, explanatory research enables the examination and explanation of relationships.

The purpose of this questionnaire is descriptive-exploratory with some explanatory analysis. Surveys are frequently conducted to make descriptive assertions about the population, (i.e. discovering the distribution of certain traits or attributes(Babbie E. , 1990). Advantages of the surveys design are represented in cheap economy of this design, the rapid turnaround of data collection, and the ability to identify attributes of a population from a small group of individuals. The data collected by the survey method may not be wide ranging as those collected by qualitative research methods; since there is a limit to the number of questions (Babbie E. , 1990).

In order to achieve the research objectives, theoretical method was adopted through examining research and the internet in data collection. Practically, a questionnaire, which was designed in the light of relevant literature, was used to collect the data, in addition to conducting interviews to obtain needed information.

The researcher randomly selected and distributed (131) questionnaires (at 95% confidence level and 5% margin of error) to companies working in leather & shoes sector. The questionnaire was directed to the owner/manager of these firms. The purpose of the survey is a descriptive-exploratory accompanied by some explanatory analysis.

Bilingual questionnaires were prepared (English, Arabic) . The English version (Appendix A-2) has been translated into Arabic (Appendix A-1) by the researcher and evaluated by the competitiveness team and another team from the Palestine Polytechnic University (PPU) , meanwhile, experts' comments on the questionnaire helped to establish content validity (Saunders et al. 2000).In order to link the variables with the research questions and items on the survey, table (3.12) illustrates how the variables are relevant to the survey instrument.

Table 3.12: The Link between the Variables and the Questionnaire

Variables	Research Question	Item on Survey
Competitive elements& performance	Research Questions Section (2)	See Questions: Firstly, Secondly
Balanced Scorecard	Research Questions Section (3)	See Questions : Bsc1,Bsc2,Bsc3,Bsc4
Cluster & Non Cluster	Research Questions Section (4)	See Questions: A to P
Intension about Clusters	Research Questions Section (4)	See Questions : 1 to 20
Work as cluster	Research Questions Section (5)	See Questions : Q to Y
Demographic data & cover the SMEs' profile	Research Questions Section (6)	See Questions : 1 to 10
Evaluative survey.	Research Questions Section (6)	See Questions : 7.1 to 7.10

- **The questionnaire consists of seven parts:**

Part one includes information about the respondent, while part two covers the different elements of Porter's diamond and five forces model. It contains necessary sources to make shoes and leather in Palestine, in addition to the factors based on their threats on firms, to measure the recent situation and companies competition in Palestine.

These elements were also measured with a five-point scale;Often the scale is used as a semantic differential. Five -point Likert scales are perhaps most commonly used but may cause problems due to lack of statistical normality conditions,(1 = Strongly Agree and 5 = Strongly Disagree).

Part three covers the firms' performance & Balanced Scorecard. Respondents were asked about their competitiveness through asking about the Balanced Scorecard (innovation, customer's satisfaction, internal business and financial performance) of their firms as an indication of their competitiveness. It was measured with a four -point scale (up to high level to up to low level).

Part four covers the advantages of cluster whether it is participatory or not, in addition to the reason behind its non-involvement in the activities of the cluster. This part expresses the intentions.

Part five covers the work mechanism of clustering, and whether the enterprise currently working within the same cluster activities or not.

Part six covers demographic data & the SMEs' profile (Total number of employees, firm's size, capital, legal form of your firm, year of establishment, firm's location, the type of firm, member in Hebron Chamber of Commerce, and the type of business you work for). Finally part seven covers evaluative survey.Scale items were tested regarding the reliability and validity of the final test in order to examine the consistency of the constructs and related items.

The Reliability Coefficients (Alpha Cronbach) were 0.94 of the whole questionnaire, 0.93 for the Performance scale, 0.85 for the Balance Score Card scale and 0.71 for the Competitiveness scale . These values of reliability coefficients indicate an existence of acceptable reliability level of the questionnaire (all greater than 0.70), and from 0.71% to 0.94% of all data can be reproduced or repeated in the case of repeating this research using the same questionnaire convenience sampling was used to collect data during the piloting stage which is used as a pre test in this study. A pre-test study of 30 firms from Hebron in conformity with the present criteria for small and medium sized enterprises was conducted, to refine the questionnaire, so that respondents will have no problems answering the questions. In addition, it enabled the researcher to obtain an overall assessment to the question's validity of the collected data.

Document analysis was was used as another technique to collect data, particularly secondary data. The types of collected secondary data include policy and strategy documents, project documents, strategic action plans and other similar corporate documents, and to access the secondary data, requests were made to different organizations in order for the researcher to obtain published data on shoes and leather sector in Hebron, online library was extensively utilized As for online data, research tools such as Google were used. In some cases, specific sites hosted by different companies, associations and government agencies relevant to the sector were also surveyed in order to be more aware and familiar with industry and answer some of the questionnaire questions that could be answered by observation, but attention was paid to use only credible information

Furthermore, various texts and other observations were employed. Individual discussion with key stakeholders was also held..

3.5.Research Methodology

This section highlights the selected methodology and clarifies the reason for behind its selection. (The suggested quantity model)

Research approach includes two main aspects; theoretical aspect that describes the research variables, and another aspect concerning structural equation used to to test structural validity of measures used in the research, and to test the research hypothesis and compare them with appropriate and accredited measures in this technique.

3.5.1.A Structural Equation Modeling Analysis" SEM Models".

Structural equation modeling (SEM): is a series of statistical methods that allow complex relationships between one or more independent variables and one or more dependent variables. Though there are many ways to describe SEM, it is most commonly thought of as a hybrid between some form of analysis of variance (ANOVA)/regression and some form of factor analysis. In general, it can be remarked that SEM allows one to perform some type of multilevel regression/ANOVA on factors. You should therefore be quite familiar with univariate and multivariate regression/ANOVA as well as the basics of factor analysis to implement SEM for your data.

Variables that are not influenced by another other variables in a model 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 a factor analysis are latent variables. For the purposes of SEM, specifically, moderation refers to a situation that includes three or more variables, such that the presence of one of those variables changes the relationship between the other two. In other words, moderation exists when the association between two variables is not the same at all levels of a third variable. One way to think of moderation is when you observe an interaction between two variables in an ANOVA. For the purposes of SEM, specifically, mediation refers to a situation that includes three or more variables, such that there is a causal process between all three variables. Note that this is distinct from moderation. In many respects moderation and mediational models are the Enterprise' of structural equation modeling. In fact, they can be considered as simple structural equation models themselves. Therefore, it is very important to understand how to analyze such models to understand more complex structural equation models that include latent variables. Generally, a mediation model like the one above can be implemented by doing a series of separate regressions.

SEM can conceptually be used to answer any research question involving the indirect or direct observation of one or more independent variables or one or more dependent variables. However, the primary goal of SEM is to determine and validify a proposed causal process and/or model. Therefore, SEM is a confirmatory technique. Like any other test or model, we have a sample and want to say something about the population that comprises the sample. We have a covariance matrix to serve as our dataset, which is based on the sample of collected measurements. The empirical question of SEM is therefore whether the proposed model produces a population covariance matrix that is consistent with the sample covariance matrix. Because one must specify a priori a model that will undergo validation testing, there are many questions SEM can answer.

SEM can tell you how if your model is adequate or not. Parameters are estimated and compared with the sample covariance matrix. Goodness of fit statistics can be calculated that will tell you whether your model is appropriate or needs further revision. SEM can also be used to compare multiple theories that are specified a priori.

SEM can tell you the amount of variance in the dependent variables (DVs) – both manifest and latent DVs – is accounted for by the IVs. It can also tell you the reliability of each measured variables. And, as previously mentioned, SEM allows you to examine mediation and moderation, which can include indirect effects.

SEM can also tell you about group differences. You can fit separate structural equation models for different groups and compare results. In addition, you can include both random and fixed effects in your models and thus include hierarchical modeling techniques in your analyses.(Rex & Kline, 2011)

Structural Equation Modeling (SEM) shows significant relationships and effects between variables and it can be viewed as a combination of factor analysis and regression or path analysis (Hox & Bechger, 1998). The basic idea is that, after the indirect and direct pathways that operate on the relationships of interest are defined, the latent variables, though they cannot observed by the researcher, can be estimated by their relation to observed variables (multiple indicators) (Maruyama, 1997).

Generally, SEM models are applied in order to simultaneously examine more complex relationships between observed and latent variables and to incorporate the latent variable of “cluster” in the analysis. A SEM model of the following form is utilized in order to examine the relationships of interest, namely the relationships of firms’ competitiveness with factors that are established in the empirical literature as important indicators of the former.

Data analysis in this study was performed using structural equation modeling (SEM) to validate the research model. This approach was chosen because of its ability to test casual relationships between constructs with multiple measurement items (Joreskog & Sorbom, 1996). Numerous researchers have proposed a two-stage model-building process for applying SEM (Joreskog & Sorbom, 1996). The measurement model was first examined for instrument validation, followed by an analysis of the structural model for testing associations hypothesized in the research model.

The use of the Structural Model technique includes two main aspects that can be used collectively or individually based on the nature of the research aims. The first aspect is concerned with Structural Validity Test of research standards (The selection of Measurement Model) which is called CFA (Confirmatory Factor Analysis). The second aspect includes testing the research's assumptive model that is called (The Structural Model).

3.5.1.1.Measurement Model

The investigation of the relationship between the variables without analyzing their dimensions, components, or factors provides us with the true behavior of each variable. In order to receive rich information on the nature of the relationship between the variables, the use of CFA, after we analyze the variables and their dimensions, would enable us to verify the validity of dimensions which are believed to constitute this concept or variable, therefore, we move to investigate the relationship between the variables instead of studying the relationship between their total degrees.

The CFA is used to verify the constructive validity of research standards which were constituted in the light of previous theoretical basis. This analysis is an application of structural model equation whose procedures are represented in the identification of the assumed model that consists of latent variables, or the unmeasured ones represented in the assumed dimensions of the standard from which arrows are directed to the second type of variables known as measured variables which also represent the differences of each variable/s. As a result, we assume that expressions are indicators of latent variables. Through the measurement model, we can identify the extent to which the measured variables are able to measure latent variables, and specify the best measured variables to measure a specific latent variable, and to what extent these measure variables are able to measure others things rather than the specified latent variable (reliability).

In the light of conformity assumption between the covariance matrix included in the analysis and the assumed matrix by the model, a number of variables that indicate the quality of this conformity would appear (Goodness of Fit Indices) in light of which the assumed form of data might be accepted or rejected. They are known as Goodness of Fit Indices which include: Kai Square ($\chi 2$), Goodness of Fit Indices, Root Mean Square Error of Approximation(RMSEA), and Comparative Fit Index (CFI).

In this study, the CFA was conducted on two dimensions only which are Performance, and the BSC. However, as for the dimension of learning, growth, and creativity, the CFA was not conducted due to the lack of items related to this dimension, and due to the fact that AMOS program must consider at least 6 dimensions of each variable.

As mentioned earlier, the dimensions of creativity were validated and verified by experts and referees in the field, in addition to resorting to the previous studies. After that, the Path Analysis was used to examine the research hypothesis (either by rejection or approval) and concluded with the Structural Model of the study.

3.5.1.2.The Structural Model

Besides including the latent variables, the Structural Model consists of the relationships between these latent variables which represent the structural dimension of the model. As a matter of fact, latent variables are assumptive compositions hard to be directly measured but through a number of noticeable or measurable variables or those indicators supposed to indicate a similar image of the latent variable.

The structural model measurement component is concerned with the relationship between measured indicators by its latent variables, however, the structural component of the model is concerned to study and investigate the relationships between the latent variables. Path Analysis Model will be used (since it is considered as one of the best structural models to investigate the relationship between variables) and provides the deepest and most accurate understanding of causal relationships, in addition to being the only model that specifies influential and influenced variables in the proposed research model.

This analyze answers the following questions related to this research:

1. Is there a link between performance improvement through investigating the current situations of the companies by the use of Porter Daimond Form and Five Forces to achieve competitiveness for companies involved in clustering?
2. To what extent does involvement and non-involvement of clustering affect companies' performance to achieve the desired balance?
3. To what extent does involvement and non-involvement of clustering affect Balanced Performance Card to achieve competitiveness?
4. Are there any latent variables that are needed to be taken into consideration to understand involvement in clustering and achieve competitiveness?

Path Analysis Model depends on analyzing the relationships between variables in causal models based on practical of logical theories. Finally, in order to understand direct and indirect relationships between variables of models, Path Analysis Model is the only analysis to indicate the mediatory relationships between groups of model variables. The Path Analysis Model is distinguished by a number of features most notably is the ability to specify the subsidiary and independent variables within the proposed model since there is no statistical method that fulfils this purpose. In addition, Path Analysis Model is able to identify direct impacts of the independent variable within the subsidiary one, the matter which indicates the importance of independent variables to the subsidiary ones. Furthermore, this model identifies the indirect and causal impacts of the independent variable on the subsidiary ones, the issue that helps to specify the minute matters of the independent variable. (The Unidirectional Collective Model) will be utilized due to its suitability with the research as it includes the unidirectional and collective models within one model. It enables the estimation of direct impacts through predicting the extent of internal variables' contribution in its relationships with previous and later variables, and how previous variables affect on the connections between the following variables.

3.5.1.3.Confirmatory Factor Analysis:

Using Maximum Likelihood Method of estimation, We first use a CFA (Confirmatory Factor Analysis) on our data to analyze the latent variables and their components for validity. There are many goodness of fit indices that enables to assure the appropriateness of the SEM research model and its components: Chi Square index is the most common index of fit which represents the fit between the implied and the observed covariance matrices, Small p values (e.g. < .05) indicates of bad fit. The CFI(Comparative Fix Index) 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) based on the percentage variance explained(as R-square in Regression). The Root Mean Square Error of Approximation (RMSEA) is index based on residuals matrix which looks at discrepancies between observed and predicted covariances, practical experience indicate 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),(Hans Müller, 2003).

3.5.1.4.The structural model of analyzing the path

The general pattern of analyzing the path as follows:

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As:

Path Analysis Equation:

The general formula of the Path Analysis Equation is:

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

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 independent 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:

Perf= αP1* P1 + αP2* P2 + αP3* P3 + αP4* P4 + αP5* P5 + αdem* dem + αsci* sci + αstrata* strata + αgr* gr + αavop* avop + αforces* Forces + e1.

BSC= αPerf * Perf+ αBsc11* Bsc11 + αBsc12* Bsc12 + αBsc13* Bsc13 + αBsc14* Bsc14 + αBsc15* Bsc15 + αBsc21* Bsc21 + αBsc22* Bsc22 + αBsc23* Bsc23 + αBsc24* Bsc24 + αBsc25* Bsc25 + αBsc26* Bsc26 + αBsc27* Bsc27 + αBsc31* Bsc31 + αBsc32* Bsc32+ αBsc33* Bsc33 + αBsc34* Bsc34 + e2.

Comp= αBSC * BSC + αPerf * Perf + αBsc41* Bsc41 + αBsc42* Bsc42 + αBsc43* Bsc43 + e3.

Where:

Perf: Performance

P*: P1 , P2 , P3 , P4 , P5 : Production Elements.

dem : Demand factors.

sci :Supportive and complementary industries.

Strata: The company's strategy, competition, and market structure.

gr :Government role.

avop :Available Opportunities.

Forces : Forces factors based on their threats.

BSC: Balance Score Card.

Bsc1.1 :I notice a notable increase in revenues compared with the investment size..

Bsc1.2 :Generally, there is an improvement in revenues

Bsc1.3 : There is increase in employment profits.

Bsc1.4 :There is a noticeable decrease in production costs.

Bsc1.5 :There is an improvement in profitability

Bsc2.1 :The customer's control over the commodity is high.

Bsc2.2 :There exists a control of the supplier.

Bsc2.3 :A threat of having new competitors.

Bsc2.4 :Your share of leather and shoes in the local market is high..

Bsc2.5 :The customer is satisfied by your products

Bsc2.6 :The quantity you export is high.

Bsc2.7 :There is a threat on entering new alternative products (imported shoes)

Bsc3.1 :There is an improvement in research, development, and innovation.

Bsc3.2: There is an improvement in employees and workers productivity

Bsc3.3 :It is possible to keep the professionals in the company

Bsc3.4 :Employees enjoy employment satisfaction.

Comp: Competitiveness.

Bsc4.1 :The period you need to introduce new products is long

Bsc4.2 :The percentage of introducing new products and items from the total products.

Bsc4.3 :Improvements and additions conducted by employees are plenty..

e1, e2, e3 : Random Error Terms.

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

3.5.1.5.Parametric and Non-Parametric statistics

Parametric statistical methods are methods of estimation and hypothesis testing have been based on assumption that data come from some underlying distribution, such as the normal or binomial distribution, whose general form was assumed known. These procedures are usually called parametric statistical methods because the parametric form of the distribution is assumed to be known. If these assumptions about the shape of the distribution are not made, and/or if the central limit theorem also seems inapplicable because of small sample size, then nonparametric statistical methods, which make fewer assumptions about the distributional shape, must be used.

One of the most important nonparametric testing method is the chi square goodness of fit test. It is used to compare the observed scales with the expected scales . If the two sides are close, then the goodness of fit will be satisfied. The test statistic used for this purpose approximately follows a chi-square distribution with specific degrees offreedom (df).(Rosner.B,2010) .

3.5.1.6.Approximate Fit Indexes

A different mode of evaluating model fit is represented by approximate fit indexes. Incontrast to model test statistics, (1) approximate fit indexes do not distinguish betweenwhat may be sampling error and what may be real covariance evidence against the model.(2) The outcome of an approximate fit index is not the dichotomous decision to rejector retain a null hypothesis. Instead, these indexes are intended as continuous measuresof model–data correspondence. However, there is no direct relation between the degreeof this correspondence and substantive problems or specification errors in the model.Some approximate fit indexesare scaled as badness-of-fit statistics, but most are scaled instead as goodness-of-fit statisticsbecause the higher their values, the closer the model–data correspondence. Valuesof some goodness-of-fit indexes are more or less standardized so that their range is0–1.0 where a value of 1.0 indicates the best fit.

3.5.1.7.Model Test Statistics

These are the original fit statistics in SEM. A model test statistic is a test of whetherthe covariance matrix implied by the researcher's model is close enough to the samplecovariance matrix that the differences might reasonably be considered as being due tosampling error. If not, then (1) the data covariances contain information that speakagainst the model, and (2) this outcome calls for the researcher to explain model-datadiscrepancies that exceed those expected by chance.Most model test statistics are generally scaled as "badness-of-fit" statistics becausethe higher their values, the worse the model's correspondence with the data. Thismeans that a statistically significant result (e.g., $p <0.05$) indicates problematic model–data correspondence. That is, it is the failure to reject the null hypothesis (e.g., $p \geq 0.05$)that the model-implied covariance matrix is identical to the population covariancematrix that generated the sample covariance matrix that supports the researcher'smodel. This logic is "backward" from the usual reject–support context for statistical tests where it is the rejection of the null hypothesis that supports the researcher'stheory. But it is perfectly consistent with an accept–support context where the nullhypothesis represents the researcher's beliefs, or in this case where the model is consistentwith the data matrix.

3.5.1.8.Model Chi-Square

The most basic model fit test statistic is the product (N – 1) FML where FML is the value ofthe statistical criterion (fit function) minimized in ML(maximum likelihood) estimation and (N – 1) is one lessthan the sample size. In large samples and assuming multivariate normality, the product(N – 1) FML follows a central chi-square distribution with degrees of freedom equal tothat of the researcher's model, or dfM. This statistic is referred to as the model chi-square,χ2M; it is also known as the likelihood ratio chi-square or generalized likelihood ratio.The value of χ2M for a just-identified model generally equals zero, but technically it is notdefined for models with no degrees of freedom. If $\chi2M = 0$, the model perfectly fits the data(each observed covariance equals its counterpart implied by the model). If the fit of anoveridentified model that is not correctly specified becomes increasingly worse, then thevalue of $\chi2M$ increases, so $\chi2M$ is scaled as a badness-of-fit statistic.(Rex & Kline, 2011).

3.6.Research Variables and Model

The following figure(3.12) indicates the assumed model of the study which was composed by the researcher with the help of experts in the field of clustering. The researcher was offered assistance by Dr. Suhail Sultan,the consultant in the Ministry of National Economy to Clustering Project, and Dean of Graduates Studies at Bir Zeit University, and Dr. Ibrahim M. Awad, my suprvisor, andbenefited from previous studies.

Figure 3.12 :(A): The research model: the pre-analysis assumed study model (matrixinvolved in the analysis and generated from the sample)

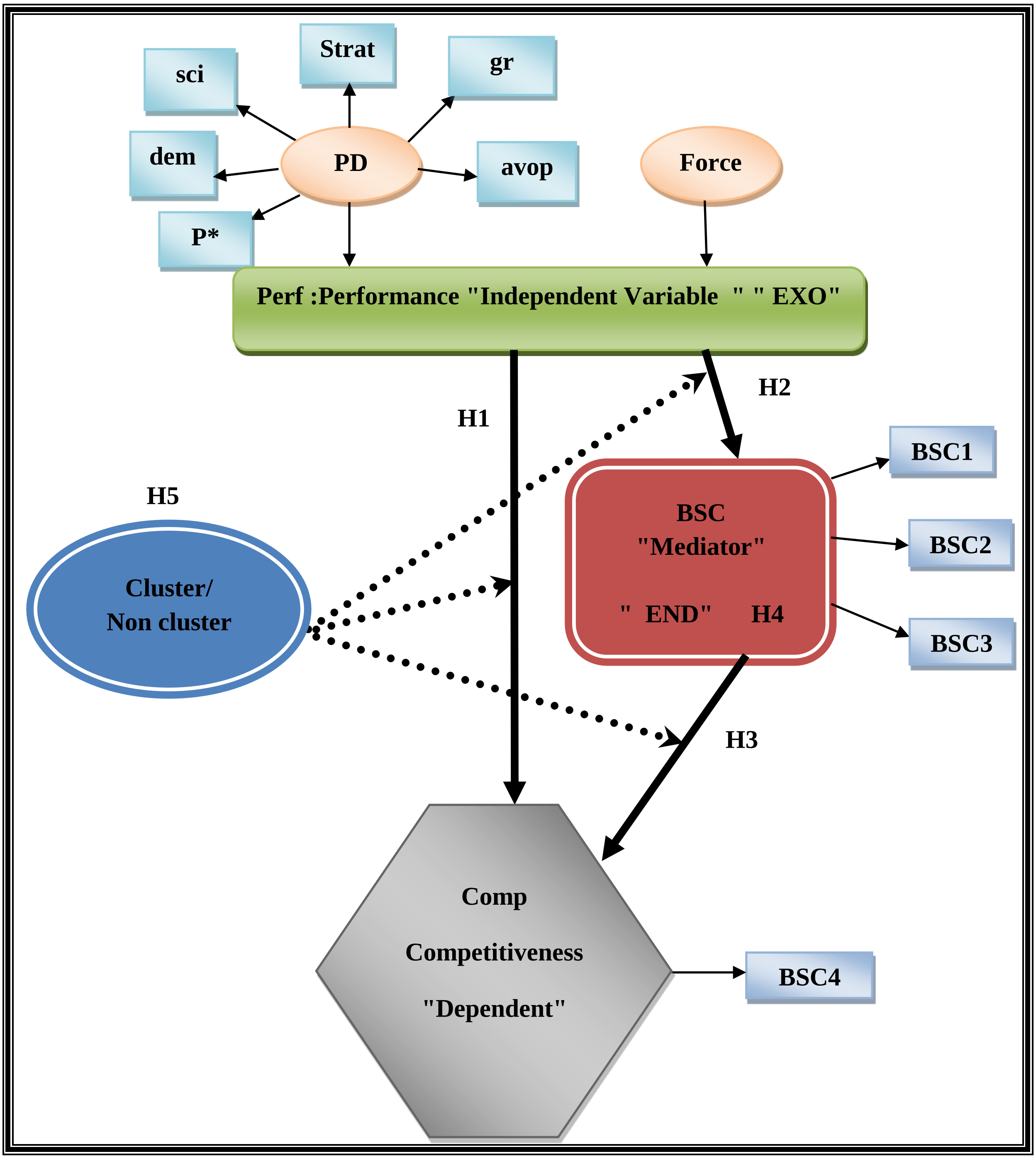
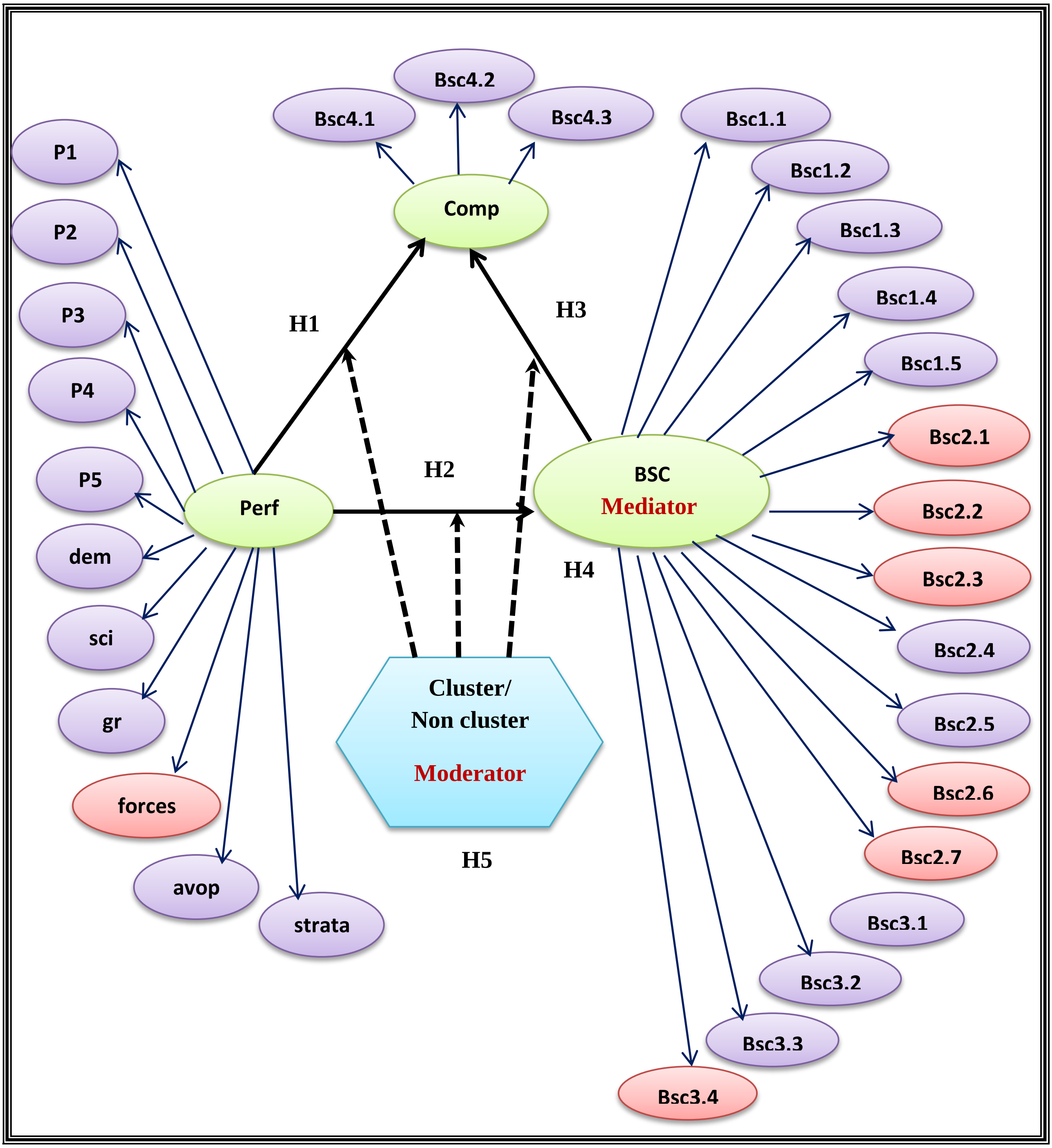


Figure 3.12 : (B) The research model: the pre-analysis assumed study model (matrix involved in the analysis and generated from the sample)



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 the following:

Perf= (1.09 * P1) + (1.17 * P2) + (1.25 * P3) + (0.71* P4) + (0.24* P5) + (0.98* dem) + (sci) + (0.25* strata) + (0.68* gr) + (0.70* avop)

(The Forces deleted)

BSC= 0.71 * Perf) + (1.45 * Bsc11) + (1.3 * Bsc12) + (Bsc13) + (1.53 * Bsc14) + (1.61* Bsc15) + (1.36 * Bsc24) + (0.75 * Bsc25) + (1.37 * Bsc31) + (0.58 * Bsc32) + (1.81* Bsc33)

(deleted variables: Bsc21 , Bsc22 , Bsc23 , Bsc26 , Bsc27 ,Bsc34)

Comp= (1.56 * BSC) - (0.14 * Perf) - (0.16 * Bsc41) + (0.96 * Bsc42) + (Bsc43)

Where the search form consists of :-

- **Latent Variables :-**

1. (External latent variable) Exogenous :Perf: Performance
2. (And Some variable rate of latent internal) Endogenous:BSC: Balance Score Card.

- **Observe Variables :**

1. Comp : Competiveness: Dependent Variable (Y)

3.6.1 Discussion Variables of the study

In this Figure, variables are shown the variable **(Performance)** is an latent variable for the variable **(Competiveness, Balance Score Card)** and the dependent variable for variables **(P1,P2,P3,P4,dem,sci,gr,avop,,P5,strata)**, and variable **(Balance Score Card)** is an independent variable for variables **(Competitiveness)** and is a latent variable for variable**(perf, Bsc1.1, Bsc1.2, Bsc1.3, Bsc1.4, Bsc1.5, Bsc2.4, BSC2.5, Bsc3.1, Bsc3.2, Bsc3.3).**

The variable **(Competitiveness)** is a latent variable for the measured variables **(BSC, Bsc4.1, Bsc4.2, Bsc4.3),** and dependent variable for variables **(Performance, Balance Score Card**).

3.6.2. Determinants of Research Model and Analysis

1. As for growth and learning dimension (entrepreneurship and creativity), which is the fourth dimension in BSC, CFA was not conducted because of its few paragraphs (3 paragraphs). However, this problem was solved through arbitrating the questionnaire and paragraphs by experts and consultants. Based on previous studies, it is sufficient to have at least one paragraph for each independent variable, therefore, the title of the field was used as a paragraph and direct question to confirm its reliability and credibility.

2.Structural questions were not included in Porter Model since all respondent companies are either family-owned or small or medium sized and are within the same sector. The subsector of all companies is the same, consider the common factor , therefore, the structure was not considered. Market structure includes 5 sections: tanneries, shoe raw material supplies, market, designers and manufacturers.

3. As for the strategy question in Porter's Model, it focused on the product and the price, in addition to various segments, however, it has not focused on FOCUS or NICH. Based on the interview with, Mr. Tariq Abu Filat, Head of Leather Industries Union, he told me that all factories and companies work for various segments with the same machines and without NICH. For example, Toesetti is one of the companies that produce medical and normal shoes that are sold either with a high or low prices.

4. The fourth dimension from BSC was considered as an indicator of competitiveness. The dimension of learning dimension (entrepreneurship and creativity) which is considered an latent variable (dependent) , since clustering improves companies' competitiveness in the field of learning and education on the long-run rather than the short-run (creativity achieves long-run competitiveness). regarding the creativity that encourages long-term competitiveness, and due to the fact that improvement in the institution's internal performance affects the acheivment of learning, growth, and long-term creativity, the study research conform with the study conducted by (Uyarra & Ramlogan, 2012)

5. The first three dimensions in the BSC (financial dimension, customer, and internal operations) respectively affect the companies' performance, as a result, these dimensions were considered as a mediator variable that affect on the short term and

improves companies' competitiveness. Based on this, cluster in Palestine has achieved these dimensions through (exhibitions, courses on cost analyais, systems improvement in companies and factories, in addition to other quick and short courses).

Therefore, balance might be achieved from the first three dimensions in the BSC, however, the fourth dimension achieves long-term balance for the companies.

6. BSC (financial dimension, customer, and internal operations) dimensions were considered as a mediator variable and as one package because they affect the short term as one unit. I advise to consider each of them separately so as to analyse its effect to achieve competitiveness.

7. In my thesis, competitiveness might be defined to be achieved through creation, growth, and entrepreneurship for small and medium sized companies through measuring the following:
    1. Learning and growth dimension and employees' ability of improvements and other additions on the product.
    2. It also includes the percentage of introducing new products and types (categories) which also depends on the relationship between the supplier and customers.
    3. The period needed by the company to introduce new products. This process depends on information systems available in the company.

3.7.Reliability and Validity

The researcher checked the reliability and the validity of the questionnaire using randomly a small Pilot sample of 30 respondents from the Firms and the reliability and validity were checked as the next sections

3.7.1.Reliability

The study was calculated using the Cronbach Alpha Formula to ensure internal consistency. Accordingly, the reliability coefficient was (0.94), which fits the purpose of the study.

In order to ensure reliability, the researcher, carefully examined the trustworthiness of different data sources including respondents and various forms of documents.

Reliability analysis allows to determine the extent to which items in the questionnaire are related to each other, and the reliability coefficient value represents overall index of the repeatability or internal consistency of the scale (questionnaire) as a whole, this procedure also enables to identify problem items that should be excluded from the scale.

The Reliability Coefficients (Alpha Cronbach) were 0.94 of the whole questionnaire, 0.93 for the Performance scale, 0.85 for the Balance Score Card scale and 0.71 for the Competitiveness scale. These values of reliability coefficients indicate acceptable reliability level of the questionnaire (all greater than 0.70), and from 0.71% to 0.94% of all data can be reproduced or repeated in the case of repeating this research using the same questionnaire.

3.7.2.Validity

To ensure content validity, the researcher discussed the problem with subject matter teachers and experts who have had experience in (clustering and competitiveness), and then distributed the questionnaire to four referees from the college of (Sustainable Rural Development Institute) at Al-Quds University who are experts in this area. They were asked to judge the appropriateness of each item for the whole purpose of the study. Some of them suggested some modifications in the arrangements of some items, which the researcher took in to account. From the other hand, the researcher calculated Pearson correlations between each item and the total degree of each item to ensure the validity statistically.

Furthermore, the researcher took the research conclusion back to key participants in the study and asked if they agree with the conclusions. This helped the researcher to dtermine whether appropriate interpretations are made and valid conclusions drawn.

During the interview sessions, participants were encouraged to rise a number of ideas and the researcher remained as an active listener. Accurate and detailed recording of notes were also utilized

The validity of a questionnaire is the degree to which the questionnaire measures what it claims to measure, which called also the accuracy measurement. One of the most useful method to measure the validity is the Factor analysis by principal component method. It gives numbers called Extraction communalities which estimate the variance in each questionnaires' item accounted for by the factors (components or dimensions) in the factor solution. For other extraction methods, these values are the proportion or the amount of variance accounted for in each variable by the rest of the variables.

High values of the extraction coefficients (>0.5) indicate that variables(Items) fit well with the factor solution, and should possibly not be dropped from the analysis.

The extraction coefficients were lied between 0.61-0.86 of all items of the questionnaire, 0.61-0.86 for the Performance items, 0.37-0.81 for the Balance Score Card items and 0.16-0.78 for the Competitiveness items , this means that the questionnaire is accepted and shows how the questionnaire is very strong and suitable for this study. The following table shows factor analysis results:

Table 3.13: Factor Analysis Results

Performance		**Balance Score Card**		**Competitiveness**	
Statement	Extraction	Statement	Extraction	Statement	Extraction
P11	.844	Bsc11	.785	Bsc41	.158
p12	.728	Bsc12	.748	Bsc42	.780
p13	.739	Bsc13	.714	Bsc43	.682
p14	.718	Bsc14	.684		
p15	.756	Bsc15	.753		
p16	.841	Bsc21	.365		
p21	.824	Bsc22	.783		
p22	.811	Bsc23	.760		
p23	.609	Bsc24	.631		
p24	.814	Bsc25	.561		
p31	.739	Bsc26	.631		
p32	.605	Bsc27	.370		
p33	.775	Bsc31	.670		
p34	.802	Bsc32	.808		
p41	.783	Bsc33	.610		
p42	.758	Bsc34	.740		
p43	.838				
p44	.746				
p51	.743				

p52	.666				
p53	.804				
p54	.818				
p55	.660				
dem1	.850				
dem2	.808				
dem3	.744				
dem4	.815				
dem5	.794				
dem6	.746				
dem7	.729				
sci1	.842				
sci2	.657				
sci3	.774				
sci4	.780				
sci5	.763				
sci6	.825				
sci7	.759				
sci8	.802				
D1	.799				
D2	.801				
D3	.617				
D4	.629				
gr1	.843				
gr2	.857				
gr3	.789				
gr4	.777				
avop1	.780				
avop2	.692				
avop3	.831				
avop4	.663				
avop5	.764				

Forces1	.765				
Forces2	.817				
Forces3	.833				
Forces4	.793				
Forces5	.802				

3.8. Statistical treatments

The researcher collected the data from initial resources, the study sample. , Data were considered of a cross-sectional type , processed statistically by the a computer using the Statistical Package for Social Sciences program SPSS / program and Amos for the purpose of statistical analysis and description required by the research. Therefore, 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 .
- **The Analysis Of Variance(ANOVA)** to test inner differences between statements of Factors the Questionnaire Dimensions
- **Structural Equation Modeling Analysis(SEM)** to test the hypothesis of relationship between Performance, Balance Score Card and the Competitiveness
- **Alpha (Cronbach) scales for Reliability:** A formula to determine the reliability coefficient of the questionnaire
- **Factor Analysis for validity.**
- **Pearson Correlation coefficients:**to determine the Validity of the questionnaire
- **Cluster analysis:** According to (Aldenderfer & Blashfield, 1984) “cluster analysis is a generic designation for a large group of techniques that can be used to create a classification. Such procedures result in empirically clusters or groups of strongly similar objects”, And the main purpose of the technique is to group cases according to their degree of similarity.

For (Hair et al,2009), “the cluster analysis gathers individuals or objects into clusters such that objects in the same cluster are more alike to each other than to other clusters". i.e. Observations within a specific cluster are more homogeneous than observations between clusters. (Tan, Steinbach, & Kumar, 2005).

This analysis is based on the distribution of the questionnaire on the study sample and the target group. Then, dividing this sample to groups according to their answers, by the classification of similar answers in one group, this analysis is called " Cluster". The researcher believes that each strata in the study population would be of a similar answer.

In this research study, there are five strata and the researcher reckons the existence of five custers. Also, we can use other kinds of analysis such as Annova analysis in order to classify the target categories into groups to identify the differences and relationship between them.

In this study didn't use this analysis, but in future reaserch in PhD, I will used it

Table 3.14.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)

3.9. Summary

This chapter indicates the methodology used to carry out this research. First, it includes the specification of the study sample and the selection of the tool (questionnaire) which was distributed and emptied using AMOS program. The Structural Model is selected to apply this study and examine the hypothesis, and in order to examine the assumptive form, which was prepared by the researcher in cooperation with other expertsin the field, such as Dr. Suhail Sultan, author of (Sultan, 2014) and(Sultan, 2007).And Dr. Ibrahim M. Awad, my suprvisor, and I benefited from previous studies.

CHAPTER FOUR

RESEARCH RESULTS

4.1. Introduction

4.2. Descriptive Analysis of Research Sample

4.2.1. Analysis of Statements

4.2.1.1. Factor Conditions

4.2.1.2. Demand Factors

4.2.1.3. Supportive and Complementary Industries

4.2.1.4. The company's strategy, competition, and market structure

4.2.1.5. Governmental role

4.2.1.6. Available Opportunities

4.2.1.7. Evaluation of factors based on their threats on enterprise'

4.2.1.8. Enterprise' Competitive Feature using Balanced Performance Measurement Card.

4.2.1.9. Benefits and Results of Clustering

4.2.2 ANOVA Test Analysis:

4.2.3. Analysis of Statements (Cluster).

4.2.3.1.Joining Cluster Activities

4.2.3.2. Reasons of joining cluster's activities

4.2.3.3.Reasons of Non-joining in cluster's activities

4.3.Confirmatory Factor Analysis

4.3.1. Confirmatory Factor Analysis of Performance

4.3.2. Confirmatory Factor Analysis of Balance Score

4.4. Path Analysis of Study Hypothesis Test

4.4.1. H1: Performance is positively related to competitiveness

4.4.2. H2: Performance is positively related to Balance Score Card

4.4.3. H3: Balance Score Card is positively related to competitiveness

4.4.4. H4: Balance Score Card is a mediator in the relationship between performance and competitiveness

4.4.5. H5: Clustering is a moderator in the relationship between performance and Competitiveness

4.5. The structural model of analyzing the path

4.6. Summary

4.1. Introduction

The previous chapter highlighted the methodological approach adopted in this study. However, this chapter focuses fundamentally on the analysis of the collected data and research findings

4.2.Descriptive Analysis of Research Sample

4.2.1. Analysis of Statements

This section discusses the competitive factors considered by Porter (1979, 1980, 1985, and 1990), particularly the five competitive forces, in addition to the three conditions of Porter's diamond: the factor conditions, demand conditions, and related and support industries. The fourth condition of Porter's diamond "Firm's Strategy, Structure, and Rivalry" is also analyzed. Rivalry is discussed as an element of the five competitive forces, while strategy is analyzed through asking interviewees to select the most appropriate strategy (cost leadership, differentiation, focus) relevant to their firms. Industry Structure is not included in the questionnaire since this study focuses on small and medium sized enterprises in the city of Hebron

4.2.1.1. Factor Conditions:

Elements of Production are represented in (A1. Capital) (A2. Human Factor and Skilled Workforce) (A3.Knowledge and Information) (A4.Raw Materials) and (A5.Natural Resources).

The respondents in the three countries were asked to assess each component of the factor conditions (Porter 1990). They were asked to evaluate the acquisition of capital and information, political and economic situation, rules and regulations, infrastructure availability, infrastructure cost, consistency of raw material, technical qualifications and market accessibility. Table (4.1) below shows the significant differences in all of the factor conditions).

Table 4.1 The significant differences in all of the factor conditions

#	The statement	Mean	Standard Deviation	C.V
A 5.4	I believe economic situations are bad	4.64	0.55	0.12
A 5.3	I believe political situations are bad.	4.64	0.62	0.13
A5.2	I believe the cost of infrastructure is high.	4.28	0.77	0.18
A5.5	I believe there is a possibility to provide huge quantities of shoes with same quality and color.	4.18	0.70	0.17
A4.3	Applicable rules and regulations in Palestine affect negatively on industry development.	3.88	0.87	0.22
A4.1	Raw materials concerning shoes industry are abundantly available in Palestine.	3.82	0.90	0.24
A3.1	It is easy to reach private information regarding shoes making sector in Palestine.	3.71	0.88	0.24
A3.3	It is easy to obtain information to develop local industry.	3.64	0.97	0.27
A2.1	It is easy to reach experienced technicians.	3.61	0.98	0.27
A4.2	It is easy to get raw materials necessary for shoes making.	3.58	1.12	0.31
A2.2	It is easy to reach creative specialists in shoes field.	3.47	1.01	0.29
A2.3	It is easy to reach technical experiences of different levels.	3.34	2.31	0.69
A2.4	I believe it is easy to reach human resources through governmental agencies, colleges, universities and research centers.	3.32	1.11	0.34
A3.2	It is easy to reach the knowledge of management.	3.27	1.32	0.41
A1.4	It is easy to access private or civil investments.	3.01	0.97	0.32
A3.4	I believe it is easy to access production technology from governmental agencies.	2.92	0.93	0.32
A5.1	I believe that available infrastructure is accepted.	2.84	0.97	0.34

A1.3	It is easy to access capital markets.	2.80	0.89	0.32
A4.4	I can notice instability in the quality of raw materials. .	2.75	1.17	0.43
A1.6	It is possible to obtain a governmental approval on capital injection.	2.64	1.22	0.46
A1.2	It is easy to access credit facilities offered by financial institutions.	2.40	1.02	0.43
A1.5	I believe I can easily receive governmental support.	2.20	1.06	0.48
A1.1	It is easy to receive capital for local industry development	2.12	1.40	0.66
	Total	**3.39**	**0.58**	**0.17**

Note: See the correction key in table (3.14) to recognize overall standards (for each of the average and the deviation in the questionnaire analysis presented in chapter 3.

From the table above, it is clear that the total degree of Factor Elements is approximately high (3.39) with a small variation coefficient of (0.17).

The statement "I believe political situations are bad" has the highest mean (4.64) with smallest C.V of (0.12). However, the statement "It is easy to receive capital for local industry development" has the smallest mean (2.12) with high C.V that reached (0.66).

Based on the above-mentioned table, the results would be:

I believe economic situations are bad,i believe political situations are bad, i believe that the cost of infrastructure is high.

Applicable rules and regulations in Palestine affect negatively on industry development. There is a possibility to provide huge quantities of shoes with same quality and color; Special materials to make leather are available in huge quantities in Palestine; It is easy to reach private information about leather making in Palestine; There is a facility to get information to improve local industry; It is easy to reached experienced technicians; It is easy to get raw materials necessary for shoes making; It is easy to reach creative specialists in shoes field; However, it is not easy to to access credit facilities offered by financial institutions; It is not easy to reach governmental support; and there is no a facility to receive the money to develop the local industry.

- **Discussion and comments on the results:**

The researcher believes that the problem in the production factors lies in obtaining the capital which is the most significant factor for workers in the field of leather and shoes.

1. **Human Resources**: There is a need to conduct more investment of human resources by providing training and counseling to people who work on technical and management issues. Technicians need to be aware of the efficient methods of production

2. **Physical Resources**: The data show that Palestine has a lower rank in the availability of infrastructure and the ability to provide high volumes of natural leather and shoes in consistent quality. Thus, the Palestinian government needs to upgrade the general infrastructure (roads, telecommunications, etc.)

3. **Knowledge Recourses**: The data show a lack of acquiring information with regard to the local and international demand.

4. **Capital Resources**: The Palestinian firms face difficulties acquiring capital. Most of the time, family businesses prefer to remain small and not to bring in any external partner to their firms. As well, many banks might lack the knowledge and experience of how to deal with small loans. However, in terms of capital assets, the lower investment rate in Hebron is consistent with the Palestinian low capital productivity and the Palestinian history of relatively high macroeconomic volatility and the bureaucratic rules and regulations

4.2.1.2. B: Demand Factors:

Locally, they help companies' market to create competitiveness through the existence of developed products, high level of quality and demand.

Table 4.2.The significant differences in all of the demand factors.

#	The statement	Mean	Standard Deviation	C.V
B5	The reputation of the Palestinian shoes quality in the international markets is good.	4.23	0.59	0.14
B4	The level of international demand on shoes is high.	3.83	0.99	0.26
B6	Customers are aware of technical specifications and quality of shoes	3.78	0.98	0.26
B7	Customer constantly demand continuous development and improvement of products.	3.76	0.92	0.24
B3	The level of local demand on shoes is high.	3.75	0.88	0.23
B1	It is easy to enter local markets.	2.79	1.01	0.36
B2	It is easy to enter international markets.	2.50	1.08	0.43
	Total	**3.52**	**0.63**	**0.18**

From the table above, it is clear that the total degree of demand factors is high (3.52) with small variation coefficient (0.18).

The statement "The reputation of the Palestinian shoes quality in the international markets is good" has the highest mean of (4.23) and the smallest C.V with (0.14), however, the statement "It is easy to enter the international markets" has the smallest mean of (2.50) and the highest C.V with (0.43).

In accordance with the above-mentioned table, the results are: Palestinian shoes quality in the international markets is good; The international demand on shoes is high; Customers constantly demand continuous development and improvement of products; ,Customers are aware of technical specifications and quality of shoes; The level of local demand on shoes is high; However, it is not easy to enter international markets.

- **Discussion and comments on the results:**

The composition of home demand shapes how firms perceive, interpret, and respond to buyer needs. In Hebron, Most of local firms focus on the largest segment, (i.e. the commercial one. Unfortunately, most of these firms are competing with each other based on low prices through cutting a part of their profit margins. Still, the size of this segment is not large enough so that SMEs might benefit from the concept of economies of scale. Therefore, the Palestinian SMEs need to better understand act, and to be more confident on buyers' needs in their home market. In order to achieve this, there is a need to open communication channels between firms and their buyers.

4.2.1.3. C: Supportive and Complementary Industries:

The existence of such industries, besides the basic one, would facilitate the use of important productive factors of creativity. They include individual and feeding industries that facilitate creativity and exchange of thoughts and ideas.

Table 4.3.The significant differences in all of the supportive and complementary industries.

#	The statement	Mean	Standard Deviation	C.V
C5	There is a cooperation with public institutions (Hebron Chamber of Commerce, Unions and the municipality).	4.55	1.00	0.22
C1	Personal relationships in selling and purchasing support local industry development.	3.95	0.73	0.18
C7	The level of your enterprise cooperation with other enterprises from shoes sector is good.	3.88	0.68	0.18
C8	The level of your enterprise cooperation with other enterprises from other sectors (design, marketing and quality inspection) is good.	3.37	0.76	0.23
C6	I notice a kind of cooperation with governmental institutions.	3.36	1.10	0.33
C3	Cooperation exists with research training,	3.34	1.18	0.35

	consultation centers, and universities.			
C4	There is a kind of cooperation with local producers of equipment and devices.	3.30	1.09	0.33
C2	I see sense cooperation between local insurance institutions.	2.58	0.81	0.31
	Total	**3.54**	**0.66**	**0.19**

From the table above, it is clear that the total degree of supportive and complementary industries is high with (3.54) and a small variation coefficient of (0.19).

The statement (There is a cooperation with public institutions (Hebron Chamber of Commerce, Unions and the municipality) has the highest mean of (4.55) and a small C.V of (0.22). However, statement (I see sense cooperation between local insurance institutions) has the smallest mean of (2.58) with a high C.V of (0.31).

In accordance with the above-mentioned table, the results are: There is a cooperation with public institutions (Hebron chamber of commerce, unions and the municipality), personal relationships in selling and purchasing support local industry development, the level of your enterprise cooperation with other enterprises from the same sector is good,, however, there is no sense cooperation between local insurance institutions.

- **Discussion and comments on the results:**

The researcher believes that the reason behind having high percentages and relations is that clustering activities within the previous (3) years have empowered the relations through conducting workshops with all actors.

Related industries are those in which firms can coordinate or share activities in the value chain. Creating an efficient network can affect the competitiveness of the SMEs by increasing their productivity, and deriving the direction and pace of innovation. Working within a network allows the SMEs to benefit as if they had greater scale or as if they had merged together without any need to sacrifice their flexibility(Sultan, 2007).

4.2.1.4. D: The company's strategy, competition, and market structure:

Companies might follow and apply this method through setting objectives and mechanisms of success.

Table 4.4.the significant differences in all of the company's strategy

#	The statement	Mean	Standard Deviation	C.V
D1	Your enterprise is of a low cost and produces standard products (like other producers) to serve various segments in the market.	3.69	0.92	0.25
D2	Your enterprise is of a low cost and produces distinguished products to serve various segments in the market.	3.60	0.91	0.25
D4	Your enterprise is not of a low cost and produces distinguished products to serve various segments in the market.	3.43	0.90	0.26
D3	Your enterprise is not of a low cost and produces distinguished products to serve various segments in the market.	3.08	1.01	0.33
	Total	**3.45**	**0.42**	**0.12**

From the table above, it is clear that the total degree of the company's strategy, competition and market is high with (3.45) and a small coefficient of variation of (0.12).

The statement "Your enterprise is of a low cost and produces standard products (like other producers) to serve various segments in the market" has the highest mean of (3.69) and the smallest C.V of (0.25); the statement (Your enterprise is not of a low cost and produces distinguished products to serve various segments in the market) has the smallest mean of (3.08) with the highest C.V of (0.33).

In accordance with the above-mentioned table, the results are: Your enterprise is of a low cost and produces standard products (like other producers) to serve various segments in the market;Your enterprise is of a low cost and produces distinguished products to serve various segments in the market;, Your enterprise is not of a low cost and produces distinguished products to serve various segments in the market..

- **Discussion and comments on the results:**

Since respondents' companies are either family-owned or small or medium sized and are within the same sector, structural questions were not included in Porter Model.. The subsector of all companies is the same, therefore, the structure was not considered. Market structure includes (5) sections: tanneries, shoe raw material supplies, market, designers and manufacturers.

As for the strategy question in Porter's Model, it focused on the product, the price, and various segments, but, it has not focused on FOCUS or NICH. Based on an interview with, Mr. Tariq Abu Filat, Head of Leather Industries Union, he stated that all factories and companies work for various segments with the same machines and without NICH.For example, Toesetti is one of the companies that produce medical and normal shoes that are sold either with a high or low prices.

4.2.1.5. E: Governmental role:

It affects the company in order to raise competitiveness. For example, the effect on supply and demand through influencing production factors.

Table 4.5.The significant differences in all of thegovernmental role

#	The statement	Mean	Standard Deviation	C.V
E3	The most governmental effect on the industry is represented in the procedures, laws, and policies.	4.51	0.78	0.17
E4	Currently, government supports imports more than industry.	4.36	1.00	0.23
E1	There are governmental policies that encourage industry in Palestine.	2.57	1.20	0.47
E2	Your enterprise benefited from governmental policies that encourage shoes industry.	2.49	1.19	0.48
	Total	**3.48**	**0.53**	**0.15**

From the table above, , it is clear that the total degree of the government's role is high with (3.48) and a small coefficient variation of (0.15).

The statement (The most governmental effect on the industry is represented in the procedures, laws, and policies) has the highest mean of (4.51) and the smallest C.V(0.17); however, the statement (Your enterprise benefited from governmental policies that encourage shoes industry) has the smallest mean (2.49) and the highest C.V(0.48).

In accordance with the above-mentioned table, the results are: The most governmental effect on the industry is represented in the procedures, laws, and policies; ; Currently, government supports imports more than industry,. However, there are no governmental policies to encourage industry in Palestine, and your enterprise has not benefited from the governmental policies which encourage shoes industry.

4.2.1.6.F: Available Opportunities:

They occur when production elements are incontrollable, in addition to companies' desire such as, the discovery of some natural elements that are important for production processes.

Table 4.6.The significant differences in all of the available opportunities

#	The statement	Mean	Standard Deviation	C.V
F4	In our country, available opportunities represented in new markets.	3.98	0.84	0.21
F3	It is difficult to provide treated leather.	3.59	0.93	0.26
F5	Opportunities are available to financially support the companies and develop main production lines.	3.51	1.08	0.31
F1	Cheap labor is always available in case the company requires new workers.	2.92	0.83	0.29
F2	I don’t find difficulty in getting professional workers.	2.69	1.08	0.40
	Total	**3.34**	**0.54**	**0.16**

From the table above, it is clear that total degree of the available opportunity is moderate with (3.34) and a small variation coefficient of (0.16).

The statement (In our country, available opportunities represented in new markets) has the highest mean of (3.98) with the smallest C.V(0.21), in addition, the statement (I don’t find difficulty in getting professional workers) has the smallest mean (2.69) and the highest C.Vof (0.40).

In accordance with the above-mentioned table, the results are: In our country, available opportunities represented in new markets;It is difficult to provide treated leather;Opportunities are available to financially support the companies and develop main production lines.

4.2.1.7.Evaluation of factors based on their threats on enterprise' :

This section discusses the five competitive forces of the SMEs working in processing the

Leather and shoes in Hebron. Furthermore, it discusses the generic strategies implemented by these SMEs.

Each respondent was asked to assess the threat of each competitive force. Table (4.7) shows that there are significant differences in the intensity of rivals, power of buyers, power of suppliers, threat of substitutes and threat of new entrants

Table 4.7.The significant differences in all of the factors based on their threats on enterprise'

#	The announcement	Mean	Standard Deviation	C.V
3	The degree of the buyer's control (Shoe shop owner)	4.04	1.08	0.27
4	Threat of having an alternative commodity.	3.78	1.06	0.28
2	The degree of the buyer's control (the seller/the customer)	3.31	0.71	0.21
1	The intensity of competition between enterprises.	2.82	1.15	0.41
5	Threat of having new competitors in leather and shoes sectors	2.26	1.27	0.56
	Total	**3.24**	**0.63**	**0.19**

From the table above, it is clear that the total degree of forces is moderate with (3.24) and a small variation coefficient of (0.19).

The statement (The degree of the buyer control (Shop shoes owner) has highest mean(4.04) with a small C.V of (0.27); the statement (Threat of having new competitors in leather and shoes sectors) has the smallest mean(2.26) and the highest C.V(0.56).

In accordance with the above-mentioned table, the results are: The degree of the buyer control (Shop shoes owner), Threat of having an alternative commodity. However, this does not apply on the threat of having new competitors in leather and shoes sectors.

- **Discussion and comments on the results:**

1. **Intensity of Rivals:** Although there is a relatively moderate industry growth, Hebron has a higher rank in the rivalry threat and because of the limited size of the local market, most of the existing firms compete within the same segment (commercial one), and the exit barriers in Hebron are relatively high

2. **Power of Buyers and Suppliers**: Hebron has a higher threat of buyers. As mentioned earlier, most of the firms in Hebron compete within the same commercial segment, and the main buyers of this segment are manufacturing and commercial companies. This means that the buyers are concentrated and fully informed about the leather and shoes sector. As well, Hebron has the highest threat of suppliers, and since there is a high danger of forward integration; owners of the manufacturing and tanning started their own commercial firms while the backward integration is less dangerous; starting up a tanning firms and commercial firms consumes time and cost. In addition to the existence of Israeli checkpoints and closures that lead sellers and suppliers of raw materials to control the price. The quality and good reputation of products lead the shop owner to control the price of the commodity.

3. **Threat of having an alternative commodity**: The reasons behind the introduction of new commodities are the local community, bad economic situations, and lack of job opportunities which forced consumers to buy Chinese shoes that are with a low price and cost, in addition to the low quality.

4. **Threat of New Entrants:** Hebron has the lowest threat of new entrants for many reasons. The economies of scale represent an obstacle for new entrants. Besides, there are governmental restrictions to establish new firms in Hebron, switching cost to a new entrant is high. Because most of skilled workers have abandoned this profession, many factories and shops were closed down. Moreover, there are no trainings for new workers to start establishing new projects in the same field.

4.2.1.8. Enterprise' Competitive Feature using Balanced Performance Measurement Card.

Table (4.8) shows the results of the Balanced Scored Card. The results of the survey indicate the existence of significant differences in the financial indicators, innovation, customer satisfaction and internal businesses.

Note: The first three dimensions of the BSC were considered as one unit to function as the moderator variable. However, the fourth dimension (learning and growth) was considered as an independent variable which achieves long-term competitiveness.

Table 4.8.The significant differences in all of the factors based on their BSC1:

Financial Dimension": How to measure success by the shareholders

#	The statement	Mean	Standard Deviation	C.V
BSC1.5	There is an improvement in profitability.	3.14	0.91	0.29
BSC1.1	I notice a notable increase in revenues compared with the investment size.	3.09	0.79	0.26
BSC1.2	Generally, there is an improvement in revenues.	3.03	0.82	0.27
BSC1.3	There is a remarkable increase in operating profits.	2.96	0.79	0.27
BSC1.4	There is a noticeable decrease in production costs.	2.73	0.99	0.36
	Total	**2.99**	**0.75**	**0.25**

From the table above, it is clear that the total degree of success measure is moderate with (2.99) and a moderate variation coefficient of (0.25).

The statement (There is an improvement in profitability) has the highest mean with (3.14) and small C.V(0.29); while the statement (There is a noticeable decrease in production costs) has the smallest mean (2.73) and the highest C.V(0.36).

- **Discussion and comments on the results:**

Financial Perspective : Hebron has the lowest rank in the financial perspective because of the limited market size, old machinery and production methods, employees' low productivity, and the high cost per unit. This leads to a reduction in the revenue, profit growth, and exportation

Table 4.9.The significant differences in all of the factors based on their BSC2:

The relationships between customers, including the creation of a value for customers.

#	The statement	Mean	Standard Deviation	C.V
BSC2.7	There is a threat on entering new alternative products (imported shoes)	4.60	0.65	0.14
BSC2.5	The customer is satisfied by your products.	4.23	0.70	0.17
BSC2.1	The customer's control over the commodity is high.	3.66	0.72	0.20
BSC2.4	Your share of leather and shoes in the local market is high.	3.19	0.92	0.29
BSC2.2	There exists a control of the supplier.	3.15	1.08	0.34
BSC2.3	A threat of having new competitors.	3.02	1.31	0.43
BSC2.6	The quantity you export is high.	2.42	1.27	0.53
	Total	**3.47**	**0.48**	**0.14**

From the table above, it is clear that the total degree of relationships between customers, which include a mechanism to create the customer value is high with (3.47) and a small variation coefficient of (0.14).

The statement (There is a threat on entering new alternative products (imported shoes)has the highest mean with (4.60) and the smallest C.V of (0.14); the statement (The quantity you export is high) has the smallest mean of (2.42) and the highest C.V of (0.53).

In accordance with the above-mentioned table, the results are: There is a threat on entering new alternative products (imported shoes); the customer is satisfied by your products, The customer's control over the commodity is high. However, .the quantity you export is not high.

- **Discussion and comments on the results:**

Customer Perspective: Data show that customers' satisfaction , retention ratio, and market share are high. SMEs in Hebron have high competitive elements such as the lowest prices, highest quality, fast delivery time, and flexibility in production. Understanding this perspective might help owners of the SMEs to assess their clients' satisfaction and to make needs clear.

Table 4.10.The significant differences in all of the factors based on their BSC3:

Internal operations which include internal processes to fulfill customers and shareholders expectations

#	The statement	Mean	Standard Deviation	C.V
BSC3.2	There is an improvement in employees and workers productivity.	3.69	0.86	0.23
BSC3.1	There is an improvement in research, development, and innovation.	3.49	1.07	0.31
BSC3.3	It is possible to keep the professionals in the company.	3.23	1.33	0.41
BSC3.4	Employees enjoy employment satisfaction	3.21	1.05	0.33
	Total	**3.41**	**0.90**	**0.26**

From the table above, it is clear that total degree is high (3.41) and with moderate variation coefficient of (0.26).

The statement (There is an improvement in employees and workers productivity) has the highest mean of (3.69) and the smallest C.V(0.23); the statement (Employees enjoy employment satisfaction) has the smallest mean of (3.21) and a high C.V(0.33).

In accordance with the above-mentioned table, the results are: There is an improvement in producing the employees and workers, There is an improvement in developing and the ability to create.

Internal Business: The results of the survey show that the efficiency of the manufacturing process is relatively high (The manufacturing cycle's time, employee's productivity, employees' satisfaction, and employees' loyalty are all high). The family business could be one reason for this result since most of the employees are loyal to their businesses.

- **Discussion and comments on the results:**

Internal operations: Training courses implemented by the Clustering might be another reason to improve employees' performance and productivity despite of old machinery and low capital available to buy new machines and equipment. This reason forces companies and factories to keep professionals whose numbers are declining due to the recession period that hit the sector.

Table 4.11.The significant differences in all of the factors based on their BSC4:

Growth and Leaning: It includes employees' abilities and information sufficiency in the company, in addition to the improvement of operations and the relationship with suppliers and customers

#	The statement	Mean	Standard Deviation	C.V
BSC4.3	Improvements and additions conducted by employees are plenty.	3.33	0.87	0.26
BSC4.2	The percentage of introducing new products and items from the total products	3.07	1.04	0.34
BSC4.1	The period you need to introduce new products is long.	2.99	1.01	0.34
	Total	**3.13**	**0.61**	**0.19**

From the table above, it is clear that total degree is moderate (3.13) with a small variation coefficient of (0.19).

The statement (Improvements and additions conducted by employees are plenty) has the highest mean with (3.33) and the smallest C.V of (0.26); statement (The period you need to introduce new products is long) has the smallest mean (2.99) and the highest C.V(0.34).

- **Discussion and comments on the results:**

Innovation: Innovation perspective measures the potential future performance. Adequate investment in this area is critical to all long-term success. However, innovation should be taken in its broad definition and not to be limited to the creation of a new product. Innovation might create new methods in production, purchasing, selling… etc. To achieve that, there should be an adequate investment in the human resources and infrastructure and the government should start to provide the environment that encourage innovation

Therefore, this dimension will be achieved on the long-tem since Clustering methodology helps to create innovation on the long-term rather than the short one.

4.2.1.9. Benefits and Results of Clustering

This section represents the general trend of companies' owners regarding the concept of Clustering whether their companies are involved in this process or not. Thus, it indicates the intention of this mechanism and a general idea on the concept of clustering.

Table 4.12. Benefits and Results of Clustering

#	The statement	Mean	Standard Deviation	C.V
11.	Solve problems represented in the lack of resources, research, and development.	4.18	1.14	0.27
20.	Increase competitiveness of the domestic economy.	4.12	1.10	0.27
18.	Improve your ability to develop new products.	4.04	1.17	0.29
5.	A defensive device against competitors.	3.97	1.13	0.28
3.	Facilitate reaching new suppliers.	3.94	1.10	0.28
10.	Improve the image of the enterprise.	3.94	1.12	0.28
6.	Enter new markets.	3.93	1.11	0.28
2.	Improve the quality of service/product.	3.93	1.12	0.29
4.	Facilitate reaching new customers.	3.86	1.07	0.28
8.	Enable creation at the enterprise.	3.86	1.09	0.28
1.	Reduce the cost of the product.	3.86	1.16	0.30
12.	Increase productivity.	3.82	1.13	0.29
17.	Increase the market share.	3.73	1.19	0.32
13.	Facilitate obtaining productive input.	3.68	1.25	0.34

7.	Increase flexibility.	3.67	1.09	0.30
9.	Create job opportunities in the enterprise.	3.59	1.28	0.36
14.	Reduce costs of transactions.	3.49	1.31	0.38
16.	Reduce stocks costs	3.40	1.54	0.45
15.	Reduce costs of raw material transportation.	3.32	1.32	0.40
19.	Reduce unemployment rates and limit poverty.	3.14	1.40	0.45
	Total	**3.77**	**0.97**	**0.26**

From the table above, it is clear that the total degree of Clusters help Enterprise' is (3.77) which is considered high rate accompanied by a with moderate variation coefficient of (0.26).

The statement (Solve problems represented in the lack of resources, research, and development) has the highest mean of (4.18) and the smallest C.V(0.27), while statement (Reduce unemployment rates and limit poverty) has the smallest mean of (3.14) with the highest C.V(0.45).

Based on the results stemming from the above-mentioned table, Clusters help Enterprise'to: Solve problems represented in the lack of resources, research, and development, increase competitiveness of the domestic economy, improve your ability to develop new products, a defensive device against competitors, facilitate reaching new suppliers, improve the image of the enterprise, enter new markets, Improve the quality/service of the product, Facilitate reaching new customers, enable creation at the enterprise, reduce the cost of the product, increase productivity, Increase the market share, facilitate obtaining productive input, increase flexibility, create job opportunities in the Enterprise , reduce costs of transactions, and reduce stocks costs.

4.2.2 ANOVA Test Analysis:

In order to analyze variations between statements of each factor, the researcher will use the analysis of variance test as follows:

Table 4.13.ANOVA Test for Factor Elements Factor

ANOVA Test for Factor Elements Factor					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	1981.60	22	90.07	76.26	0.00
Within Groups	4781.49	4048	1.18		
Total	**6763.10**	**4070**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.14.ANOVA Test for Demand factors

ANOVA Test for Demand factors					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	415.89	6	69.32	79.56	0.00
Within Groups	1073.41	1232	0.87		
Total	**1489.30**	**1238**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.15.ANOVA Test for Supportive Complementary Industries Factor

ANOVA Test for Supportive Complementary Industries Factor					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	425.00	7	60.71	69.02	0.00
Within Groups	1238.62	1408	0.88		
Total	**1663.62**	**1415**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.16.ANOVA Test for the company's strategy , competition and market factor

ANOVA Test for the company's strategy , competition and market factor					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	38.05	3	12.68	14.51	0.00
Within Groups	615.32	704	0.87		
Total	**653.37**	**707**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.17.ANOVA Test of the Government Role

ANOVA Test of the Government Role					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	646.39	3	215.46	192.89	0.00
Within Groups	786.37	704	1.12		
Total	**1432.76**	**707**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.18.ANOVA Test of Available Opportunities

ANOVA Test of Available Opportunities					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	195.50	4	48.87	53.29	0.00
Within Groups	807.13	880	0.92		
Total	**1002.63**	**884**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.19.ANOVA Test for Force factors based on their threats

ANOVA Test for Force factors based on their threats					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	366.11	4	91.53	79.54	0.00
Within Groups	1012.66	880	1.15		
Total	**1378.77**	**884**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.20.ANOVA Test for BSC1

ANOVA Test for BSC1: "Financial Dimension": How to measure success by the shareholders					
Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	18.40	4	4.60	6.18	0.00
Within Groups	655.53	880	0.74		
Total	**673.93**	**884**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.21.ANOVA Test for BSC2

ANOVA test for BSC2: The relationships between the customers, including the creation of a value for customers.					
Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	599.76	6	99.96	103.26	0.00
Within Groups	1192.60	1232	0.97		
Total	**1792.36**	**1238**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.22.ANOVA Test for BSC3

ANOVA test for BSC3: Internal operations which include internal processes to fulfill customers and shareholders expectations					
Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	28.32	3	9.44	7.94	0.00
Within Groups	836.53	704	1.19		
Total	**864.85**	**707**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.23.ANOVA Test for BSC4

ANOVA Test for BSC4: learning and growth (Competitiveness).					
Source of Variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	11.13	2	5.57	5.83	0.00
Within Groups	504.37	528	0.96		
Total	**515.51**	**530**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

Table 4.24.ANOVA test for How Cluster can help the enterprise

ANOVA test for How Cluster can help the enterprise					
Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	249.56	19	13.13	9.17	0.00
Within Groups	5041.65	3520	1.43		
Total	**5291.21**	**3539**			

The results of the table above show significant differences between statements' degrees (Sig.<0.05), therefore, we conclude to a variability in respondents' attitudes in this factor.

4.2.3. Analysis of Statements(Cluster).

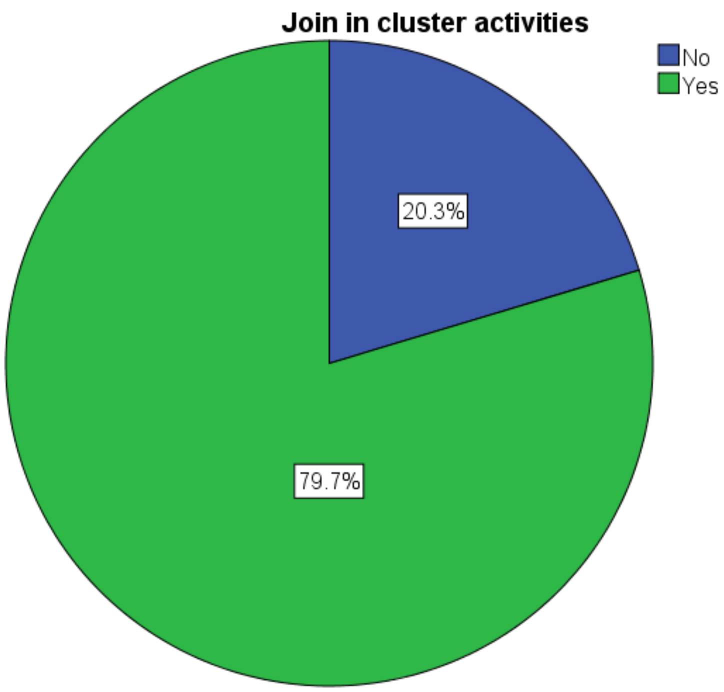
4.2.3.1.Joining Cluster Activities

Table 4.25.Joining Cluster Activities

		Frequency	Percent
Valid	No	36	20.3
	Yes	141	79.7
	Total	**177**	**100.0**

The results of the above-mentioned table show that most of firms joined cluster activities represented in (79.7%)

Figure 4.1 :Joining Cluster Activities



According to the**Joining Cluster Activities, 20.3%** of the sample were**No** and**79.7**were**Yes**.

4.2.3.2. Reasons of joining cluster's activities:

Table 4.26.Reasons of joining cluster's activities

Statement	Frequency	Percent
To benefit from capacity-building program	118	83.7
To enter new markets	106	75.2
To network and build relations	111	78.7
Support and Solidarity	98	69.5
To improve the production and quality	92	65.2
Research and development	86	61.0
To market and sell the products (through selling products of registered companies, Hebron employment Complex	82	58.2
To increase sales from export	92	65.2
To reduce production costs	108	76.6
To improve the competitiveness of your company	120	85.1
Other reasons	5	3.5

The results of the table above show that the most important reason to join cluster's activities is to improve the competitiveness of the company (85.1%), then to benefit from capacity-building program (83.7%), followed by, to network and build relations (78.7%), to reduce production costs (76.7%), and finally, to enter new markets (75.2%).

4.2.3.3.Reasons of Non-joining in cluster's activities:

Table 4.27.Reasons of non joining cluster's activities

Statement	Frequency	Percent
Because I do not know about cluster's activities	25	69.4
I do not find any benefit to participate	21	58.3
I prefer to work alone rather than in a cluster	27	75.0
Other reasons	2	5.6

The results of the table above show that the most important reason behind not joining cluster's activities is is the preference to work alone not with a group which scored (75%), followed by the lack of knowledge about its activities (69.4%).

Research results show a positive and strong relationship between working in clusters and enhanced performance. As a result, competitiveness of firms could be further enhanced by building networks and work closely with the relevant and supporting industries and stakeholders such as universities, architects, shippers, banks and others. The suggested concept of cluster can promote productivity, innovation and competition in many ways, e.g., reduced cost of sharing resources, critical mass created by having a pool of specialized skills, expertise and value-added products. The cluster enhances enterprises' economies such as a skilled workforce, research and development capacity and infrastructure; and thus creates assets such as trust, synergy, collaboration and cooperation, which are all essential for competitiveness

4.3.Confirmatory Factor Analysis:

Using Maximum Likelihood Method of estimation, the researcher first uses a CFA(Confirmatory Factor Analysis) on the data in order to analyze and validate the latent variables and their components. There are many benefitd of fit indices that enables ensuring the appropriateness of the SEM research model and its components: Chi Square index is the most common index of fit which represents the fit between implied and observed covariance matrices, Small p values (e.g. < .05) indicates of bad fit. The CFI (Comparative Fix Index) compares performance on the suggested model to performance on baseline or the null model that assumes zero correlation between all observed variables. The GFI (Goodness of Fit Index) based on the percentage variance explained (as R-square in Regression). The Root Mean Square Error of Approximation (RMSEA) is an index based on residuals matrix which looks at discrepancies between observed and predicted covariance, 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) (Hans Müller, 2003).

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

4.3.1. Confirmatory Factor Analysis of Performance

Table 4.28. Fitting Index of Confirmatory Factor Analysis of Performance

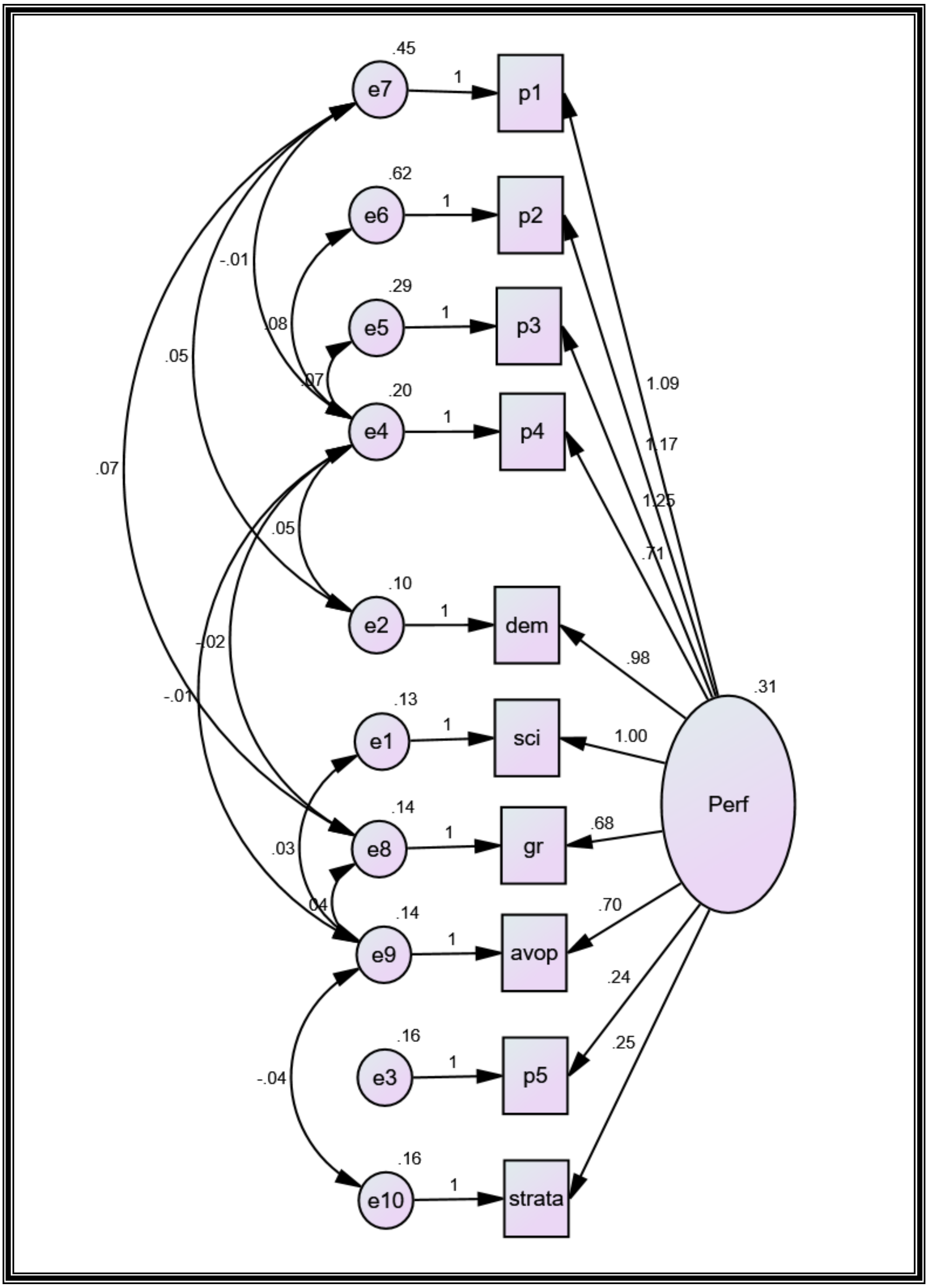
Index	Goodness of Fit Rule	Performance
Chi Square test Significance level	>0.05	0.247
Goodness of Fit(GFI)	>0.9	0.969
Comparative Fit Index(CFI)	>0.9	0.995
Root Mean Square Error of Approximation (RMSEA)	<0.05	0.032
CMIN/DF	**<5**	**1.180**

As shown in the table above, the results of CFA indicate an adequate fit, and the Performance variable satisfies the goodness of fit rules. 10 elements remained from 11 elements of the Performance latent variable components(the items deleted were not statistically significant).

Forces variable has been deleted, because has not significantly effect .

The GFI=0.969 (96.9% is the percentage variance explained), CFI=0.995(99.5% is the performance of our suggested model compared with the performance on baseline or the null model that assumes zero correlation between all observed variables), and RMSEA=0.032 (about 3% discrepancies between observed and predicted covariance) .

Figure 4.2 : Confirmatory Factor Analysis of Performance



4.3.2. Confirmatory Factor Analysis of Balance Score

Table 4.29.Fitting Index of Confirmatory Factor Analysis of Balance Score Card

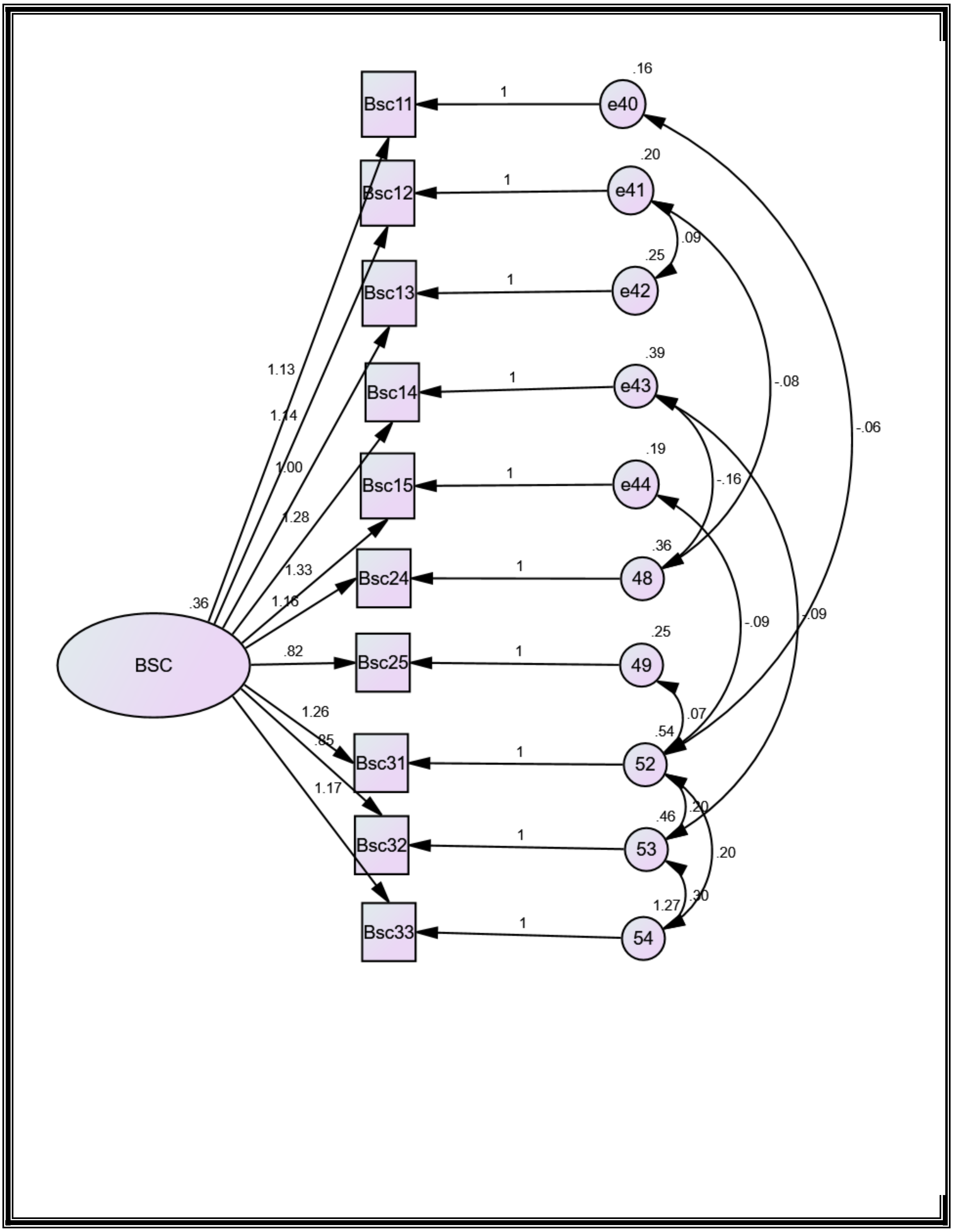
Index	Goodness of Fit Rule	Balance Score Card
Chi Square test Significance level	>0.05	0.096
Goodness of Fit(GFI)	>0.9	0.963
Comparative Fit Index(CFI)	>0.9	0.992
Root Mean Square Error of Approximation (RMSEA)	<0.05	0.047
CMIN/DF	**<5**	**1.384**

As shown in the table above, the results of CFA indicate an adequate fit, and the Balance Score Card variable satisfies the goodness of fit rules. 6 statements remained from 16 statements of the Balance Score Card latent variable components(the items deleted were not statistically significant).

The GFI=0.963 (96.3% is the percentage variance explained), CFI=0.992 (99.2% is the performance of the suggested model compared with the performance on baseline or the null model that assumes zero correlation between all observed variables), and RMSEA=0.047 (about 4.7% discrepancies between observed and predicted covariance) .

As for the dependent variable which is the competitiveness, there is no need to proceed the CFA because it consists of three statements only.

Figure 4.3: Confirmatory Factor Analysis of Balance Score Card



4.4. Path Analysis of Study Hypothesis Test

Path Analysis of Study Hypothesis Test In order 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 tools 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 present the overall model fit and the test of each hypothesis.

The research examines the following hypotheses:

- **H1**: Performance is positively related to competitiveness of SMEs that work in leather and footwear sector.
- **H2**: Performance is positively related to Balance Score Card of SMEs that work in leather and footwear sector.
- **H3**: Balance Score Card is positively related to competitiveness of SMEs that work in leather and footwear sector.
- **H4**: Balance Score Card is a mediator between performance and competitiveness of SMEs that work in leather and footwear sector.
- **H5**: Clustering is a moderator between performance and competitiveness of SMEs that work in leather and footwear sector.

- **The following table shows the path analysis results :**

Table 4.30.Parameters estimated for research model

Hypotheses	Path	Standardized Coefficient	C.R.	p-Value	result
H1	Perf → Comp	0.066	0.614	0.539	Reject H1(Alternative)
H2	Perf →BSC	0.755	9.103	<0.001	Not reject H2(Alternative)
H3	BSC→ Comp	0.844	6.626	<0.001	Not reject H3(Alternative)

4.4.1. H1: Performance is positively related to competitiveness of SMEs that work in leather and footwear sector.

The results of the table above showed that the Performance influence on competitiveness is not significant which is opposite to what was hypothesized in H1 ($\beta=0.066$, P-value=0.539>0.05). As a result, the conclusion is to reject H1.

4.4.2. H2: Performance is positively related to Balance Score Card of SMEs that work in processing leather and footwear sector.

The results of the table above showed that the positive influence of Performance on Balance Score Card is significant similar to our second hypothesis in (H2) ($\beta=0.755$, P-value<0.05). Therefore, the conclusion here is to accept H2.

4.4.3. H3: Balance Score Card is positively related to competitiveness of SMEs that work leather and footwear sector.

The results of the table above indicate that the positive influence of Balance Score Card on competitiveness is significant as the same as we hypothesize in H3 ($\beta=0.844$, P-value<0.05). As a result, the conclusion here is to accept H3.

- **Discussion and comments on the results:**

This is proved through the new study model which indicates that competitiveness is achieved through the existence of a mediator variable, BSC. the variable of enterprise's internal improvement. This issue conforms with previous studies which indicated that the improvement of enterprises' performance to reach competitiveness, which means achieving long-term creativity and growth, would not be accomplished except through the improvement of the enterprise's internal performance, i.e. through the dimensions of BSC (internal processes, financial performance, and relationship with customers). This result is in line with researchers Ronnie Ramlogan, Elvira Uyarra, 2012) who stated that creativity in the enterprises is achieved on the long-term. In their study, they touch on the relationship between competitiveness and creativity as follows:

There is no clear evidence to indicate that long-term clusters will be able to generate strong and sustainable impacts in terms of innovation, productivity or employment.

The next includes the analysis of the direct, indirect, and total impact of Performance (Perf) on competitiveness (Comp) in order to test H4.

4.4.4. H4: Balance Score Card is a mediator in the relationship between performance and competitiveness of SMEs that work in processing leather and footwear sector.

Table 4.31.Results of Direct, Indirect, and Total Impact of Research Model.

Independent	Dependent	Standardized estimates		
		Direct Coefficient(P-value)	Indirect Coefficient(P-value)	total
Perf	Balance Score Card	0.755(0.010)	---	0.755(0.010)
Balance Score Card	Comp	0.844(0.021)	---	0.844(0.021)
Perf	Comp	0.066(0.700)	0.637(0.023)	0.703(0.004)

The results in the table above show the direct, indirect, and total impact of Performance (Perf) on competitiveness(Comp). The direct impact of Performance on competitiveness is 0.066 which is insignificant (p-value=0.7>0.05), while the indirect impact is 0.637 which is considered as significant (-value=0.023<0.05). Since indirect impact is larger and significant than the direct one, the relationship between performance and the competitiveness is fully mediated by the Balance Score Card (BSC).As a result, this supports the fourth hypothesis (H4).

4.4.5. H5: Clustering is a moderator in the relationship between performance and Competitiveness of SMEs that work in processing leather and footwear sector.

In order to test clustering differences among the regression weights, the Critical Ratio (C.R.) test (> ±1.96, $p < 0.05$) can be employed to assess the critical ratio statistics for the differences between regression weights of Non-cluster and Cluster memberships subjects. The critical ratio of an estimate pair tests the hypothesis to confirm the equality of the two parameters. This analytical method is repeated to investigate the Clustering moderating effects in the three relationships for research model.

Table (4.32) below shows indicates that, although relationships among three main constructs are positive and significant for all groups, the three variables investigated the extent of the influence of these groups. Therefore, the variable of firm's age, size, and type act as moderators in the research model which supports the H5 of this study.

Table 4.32.Moderating test for research model

Path	Non Cluster	Cluster	C.R. Difference
Perf → Comp	-0.006	-0.070	0.526
Perf → Balance Score Card	0.822*	0.646*	1.768
Balance Score Card → Comp	1.015*	0.875*	-3.132*

*P-value <0.05

Based on our results of the table above, the relationship between Balance Score Card and Competitiveness is positively significant for both groups (Cluster and Non-Cluster). However, this relationship is stronger when the firms are Non-cluster membership. The relationship between Balance Score Card and competitiveness is moderated by Clustering variable since the C.R difference in this relationship is significant (-3.132 with P-value<0.05).

On the other hand, and based on the results of the table above, the relationship between performance and competitiveness is not significant for both groups (Cluster and Non-Cluster).

Finally, based on the results of the table above, the relationship between Performance and Balance Score Card is positively significant for both groups (Cluster and Non-Cluster). However, this relationship is stronger when firms are Non-cluster membership. The relationship between performance and Balance Score Card is not moderated by Clustering variable since the C.R difference in this relationship is not significant (1.768 with P-value>0.05).

Thus, we conclude that Clustering is not considered a vital moderator in the relationship between performance and competitiveness of SMEs working in processing the leather and footwear sector.

4.5.The structural model of analyzing the path

The general pattern of analyzing the path as follows:

As:

Path Analysis Equation:

The general formula of the Path Analysis Equation is:

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

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 independent 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:

Perf= αP1* P1 + αP2* P2 + αP3* P3 + αP4* P4 + αP5* P5 + αdem* dem + αsci* sci + αstrata* strata + αgr* gr + αavop* avop + αforces* Forces + e1.

BSC= αPerf * Perf+ αBsc11* Bsc11 + αBsc12* Bsc12 + αBsc13* Bsc13 + αBsc14* Bsc14 + αBsc15* Bsc15 + αBsc21* Bsc21 + αBsc22* Bsc22 + αBsc23* Bsc23 + αBsc24* Bsc24 + αBsc25* Bsc25 + αBsc26* Bsc26 + αBsc27* Bsc27 + αBsc31* Bsc31 + αBsc32* Bsc32+ αBsc33* Bsc33 + αBsc34* Bsc34 + e2.

Comp= αBSC * BSC + αPerf * Perf + αBsc41* Bsc41 + αBsc42* Bsc42 + αBsc43* Bsc43 + e3.

Where:

Perf: Performance

P1 , P2 , P3 , P4 , P5 : Production Elements.

dem : Demand factors.

sci : Supportive and complementary industries.

Strata: The company's strategy, competition, and market structure.

gr : Government role.

avop : Available Opportunities.

BSC: Balance Score Card.

Bsc1.1 : I notice a notable increase in revenues compared with the investment size..

Bsc1.2 : Generally, there is an improvement in revenues

Bsc1.3 : There is increase in employment profits.

Bsc1.4 : There is a noticeable decrease in production costs.

Bsc1.5 : There is an improvement in profitability

Bsc2.4 : Your share of leather and shoes in the local market is high..

Bsc2.5 : The customer is satisfied by your products

Bsc3.1 : There is an improvement in research, development, and innovation.

Bsc3.2: There is an improvement in employees and workers productivity

Bsc3.3 : It is possible to keep the professionals in the company

Comp: Competitiveness.

Bsc4.1 : The period you need to introduce new products is long

Bsc4.2 : The percentage of introducing new products and items from the total products.

Bsc4.3 : Improvements and additions conducted by employees are plenty..

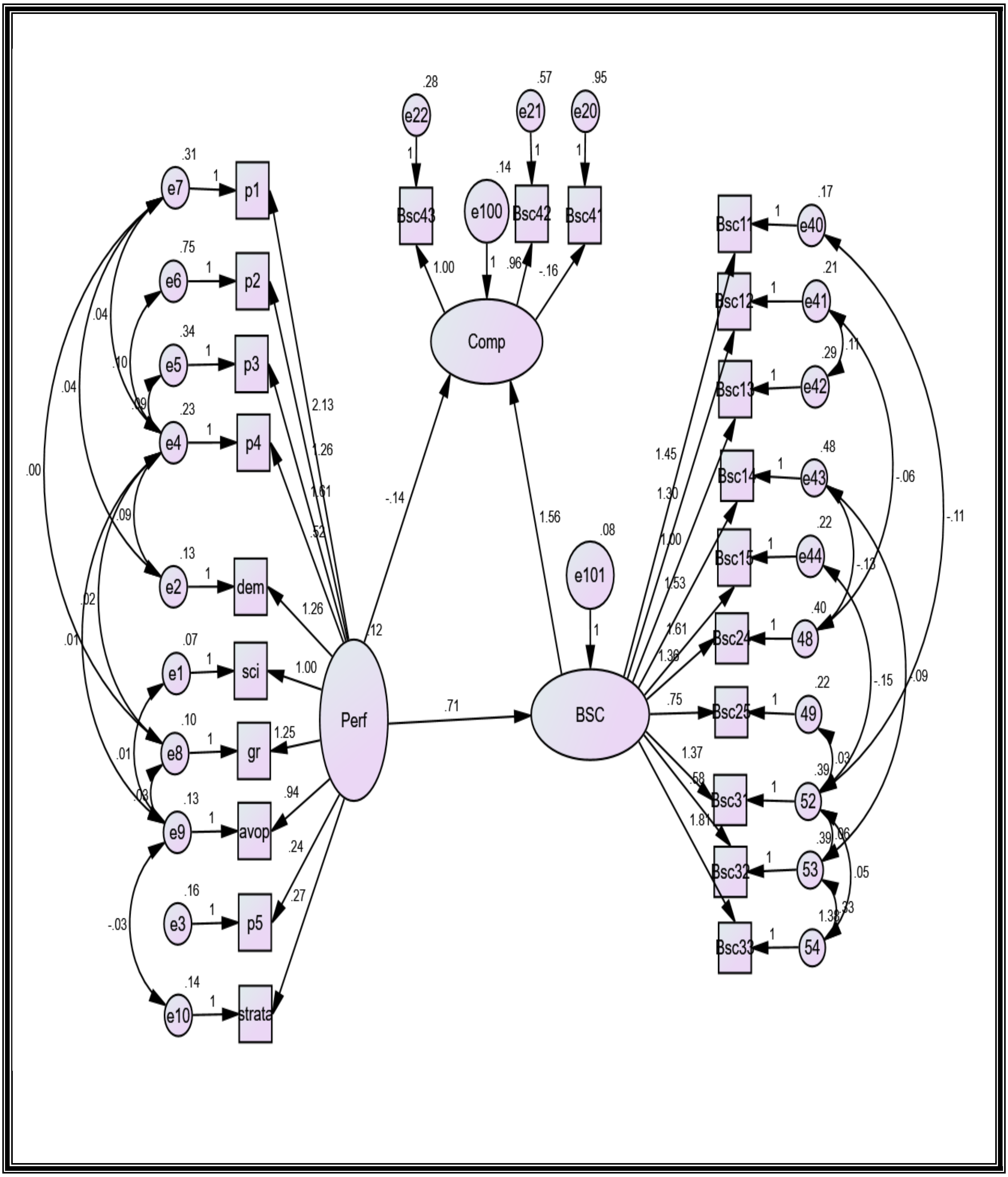
e1, e2, e3 : Random Error Terms.

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

The following items deleted from the research modelwere not statistically significant and has not significantlly effect:

1. Forces : Forces factors based on their threats.
2. Bsc2.1 : The customer's control over the commodity is high.
3. Bsc2.2 : There exists a control of the supplier.
4. Bsc2.3 : A threat of having new competitors.
5. Bsc2.6 : The quantity you export is high.
6. Bsc2.7 : There is a threat on entering new alternative products (imported shoes)
7. Bsc3.4 : Employees enjoy employment satisfaction.

Figure 4.4: Structural Model (the matrix results from the analysis).



- **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:

Perf= (1.09 * P1) + (1.17 * P2) + (1.25 * P3) + (0.71* P4) + (0.24* P5) + (0.98* dem) + (sci) + (0.25* strata) + (0.68* gr) + (0.70* avop)(The Forces deleted)

BSC= 0.71 * Perf) + (1.45 * Bsc11) + (1.3 * Bsc12) + (Bsc13) + (1.53 * Bsc14) + (1.61* Bsc15) + (1.36 * Bsc24) + (0.75 * Bsc25) + (1.37 * Bsc31) + (0.58 * Bsc32) + (1.81* Bsc33)

(deleted variables: Bsc21 , Bsc22 , Bsc23 , Bsc26 , Bsc27 , Bsc34)

Comp= (1.56 * BSC) - (0.14 * Perf) - (0.16 * Bsc41) + (0.96 * Bsc42) + (Bsc43)

4.6. Summary

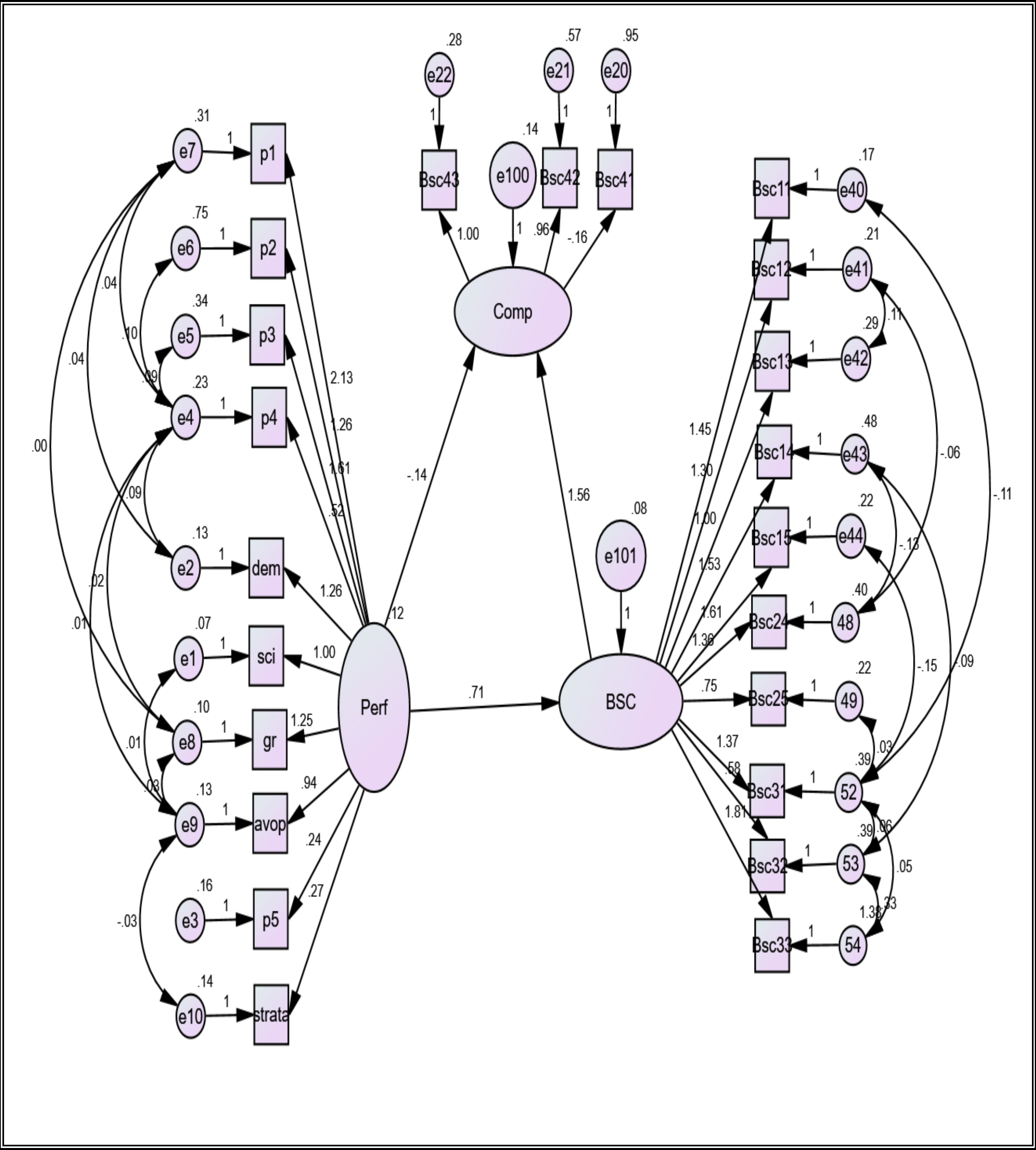
In conclusion, this chapter analyzed data which were collected through research tools, statistical methods, questionnaire development, questionnaire recovery, and the sample profile. AMOS Program is used to analyze the questionnaire data, observation, in addition to other data collection methods utilized in this study. The next chapter presents discussions conclusions drawn and recommendations.

It also summarizes the most significant results and the mechanisms used to extract them. At the beginning, items mentioned in the questionnaire were analyzed, and the results were extracted in order to comment on them as whether high or low values based on the Correction Table (3.14) which was mentioned in Chapter (3). After that, the identification of divergence and difference in the answers of the respondents using ANOVA analysis. The use of the Structural Model technique includes two main aspects that can be used collectively or individually based on the nature of the research aims. The first aspect is concerned with structural validity Test of research standards (The selection of Measurement Model) which is called CFA (Confirmatory Factor Analysis). The second aspect includes testing the research's assumptive model that is called (The Structural Model).

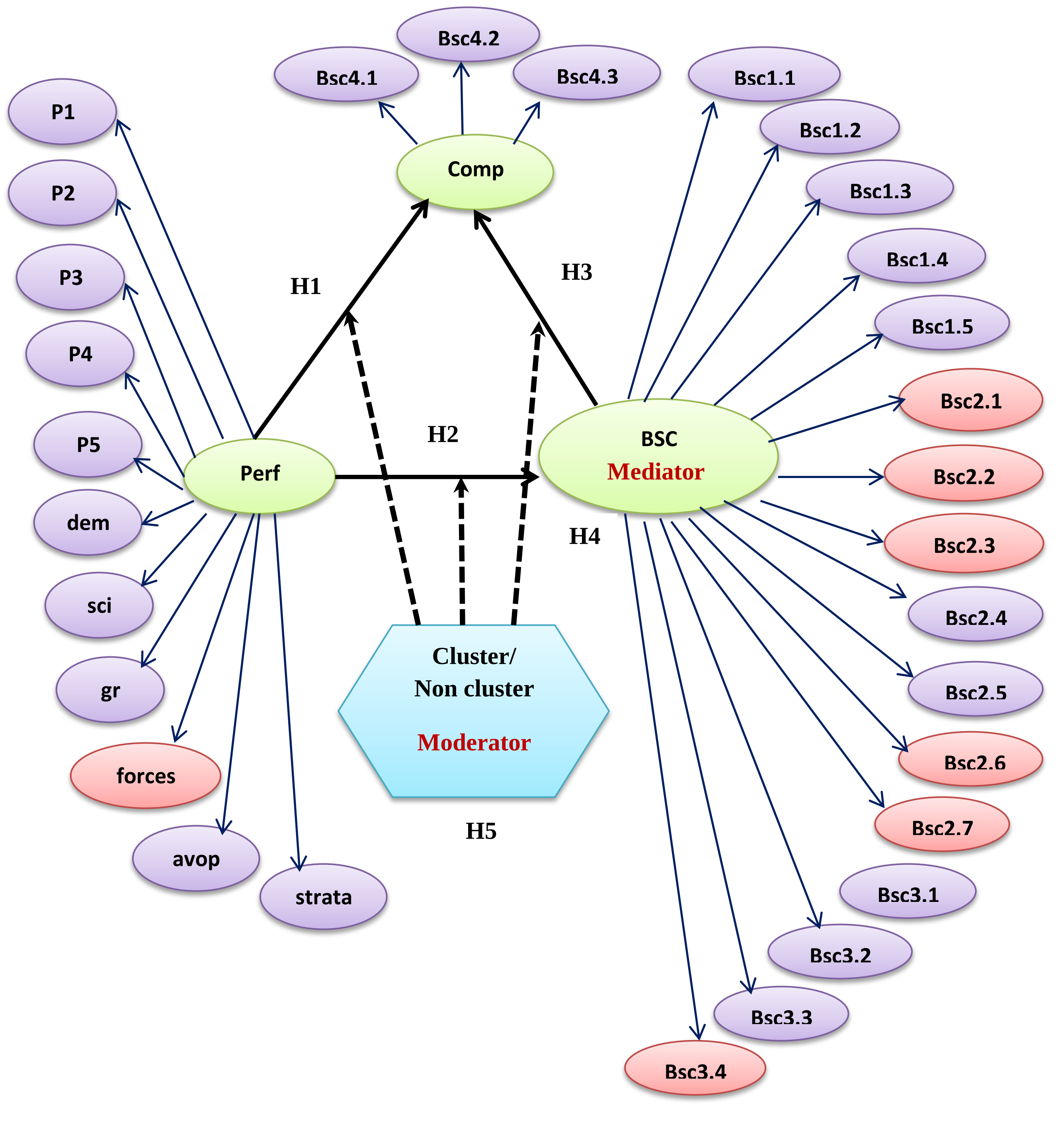
The figure also indicates the difference between the pre-analysis assumed study model (matrix involved in the analysis and generated from the sample) and the Structural Model (the matrix results from the analysis).

Figure 4.5: The difference between (The research model & Structural Model)

A- Structural Model



B- The research model



CHAPTER FIVE

CONCLUSIONS AND FUTURE RESEARCH

5.1. Introduction

5.2. Discussion of Results and Conformity with Previous Studies; Academic and Practical Significance

5.3. Conclusions

5.4. Recommendations and Further Research

5.5. Summary

5.1. Introduction

In this chapter, the researcher highlights and discusses the main results in section 5.1. In addition, conclusions are presented in section 5.2, while the research significance and recommendations are introduced in section 5.3. Finally, the research concludes with with opportunities of future research and Summary

This chapter provides a broad discussion of the concluding remarks about the research as whole, and the conformity of research results and hypothesis with previous studies

It also presents specific recommendation to pave the way of cluster development in general and the leather and shoes Cluster in particular.

5.2. Discussion of Results

This chapter includes the most significant research results. In addition, the conformity of results and hypothesis with previous studies is also discussed.

As in other previous studies, this research confirms the positive and direct relationship between the application of the concept of clustering and the achievement of competitiveness. This hypothesis is accepted and conforms with (Sultan, 2014) study on the application of the concept of clustering and competitiveness. Additionally, the hypothesis which stipulates that the improvement of the enterprise's performance using Porter Diamond models would directly lead to achieve the competitiveness is rejected.

This is proved through the new study model which indicates that competitiveness is achieved through the existence of a mediator variable, BSC. the variable of enterprise's internal improvement. This issue conforms with previous studies which indicated that the improvement of enterprises' performance to reach competitiveness, which means achieving long-term creativity and growth, would not be accomplished except through the improvement of the enterprise's internal performance, i.e. through the dimensions of BSC (internal processes, financial performance, and relationship with customers). This result is in line with researchers Ronnie Ramlogan, Elvira Uyarra, 2012) who stated that creativity in the enterprises is achieved on the long-term. In their study, they touch on the relationship between competitiveness and creativity as follows:

There is no clear evidence to indicate that long-term clusters will be able to generate strong and sustainable impacts in terms of innovation, productivity or employment

One of the underlying rationales for public investment in clusters is the fact that clusters have increased the increased levels of innovation and competitiveness of cluster-based-firms with positive employment and income consequences for regional economies. In this section, the evidence on the emergence of long-terms impacts is identified through reviewed studies

The study results show that working within clustering approach achieves competitiveness. In this present study, it is obvious that non-clustering companies' achievement of competitiveness is higher than those companies in the clustering due to the fact that clustering is a newly-established concept whose results are measured only on the short-term specifically in relation to growth and creativity.

However, and as on the short-term period, clustering has many tangible results. This results conforms with (Sultan, 2014) study regarding the application of clustering which achieves competitiveness. Moreover, and regarding creativity that encourages long-term competitiveness, and due to the fact that improvement in the institution's internal performance affects the achievement of learning, growth, and long-term creativity.

in his study, (Sultan,2014) used the same hypotheses presented in this research and his results support all those hypotheses. This shows the role of cluster in marble and stone sector as a device to develop its competitiveness. Additionally, working in a cluster and competitiveness relationship was positive and strong.

The assumptive model which consists of the study variables, and was prepared in cooperation with Dr. Suhail Sultan, and the Clustering Project in the city of Hebron was also accepted. As a result, the assumptive model conforms with the study model resulted after the data entry and the analytical processes accompanied by slight differences and omission of certain variables such as the Five Forces due to the absence of statistical significance after the analytical process.

The results indicate that the matrix involved in the analysis and generated from the sample does not greatly differ from the matrix that is resulted from the analysis and the statistical significance of this indicator which indicates a conformity with the model specified with the sample data.

The study shows higher results in the production factors except in the topic of lack of governmental support and credit facilitations from the financial institutions, and the complexity to obtain capital that develops the local industry.

Most of the respondents indicate the importance of the demand factor with regards to performance of leather sector, except the issue to enter international markets which was lower compared with thedemand factor.

The results also showed a shortage of governmental policies to encourage industry in Palestine. As a result, companies did not benefit from any governmental motivating policies in the field of shoes making in Palestine

Moreover, the results showed a difficulty to obtain and receive treated leather despite of abundant opportunities such as the provision of the workforce. However, opportunities were only represented in new markets, in addition to the Israeli checkpoints and closure of roads that lead to sellers and suppliers to control the price of raw materials. Similarly, the high quality and reputation of the products allow shop owners to control the price of the products.

On the other hand, using the Five Forces Form to analyze competition indicates no threats for new competitors, whose effects was very light, to enter the market, however, the results showed a competition between the institutions

This research would enable the application of Porter’s diamond, Porter’s five forces, Balance Score Card, and the impact of the Clustering on the concept of competitiveness in Heron city, and the SMEs working in processing the leather and shoes sector in Hebron. Additionally, this study consists of different statistical tests which are the ANOVA, Path Analysis Test, CFA and SEM analysis that were not used to testify the model itself, rather they were used to testify whether there are significant differences between cluster and non cluster, and the identification of influential variables in the process of competitiveness.

These methods and variables help the researcher to introduce a new model other than that proposed by the researcher. Without such statistical methods and techniques, the study would not have succeeded to generate a new model which indicates that competitiveness between companies cannot be achieved except through a mediator variable, in addition to the existence of other category variables which are clustering as a moderator.

Moreover, the research allows the application of Porter’s diamond, Porter’s five forces, Balance score card , and impact of the clustering on business environment as a conceptual framework. The study discusses Porter's diamond as a microenvironment context, and Porter's five forces model as an industry structure

The statistical test proves that the study is the first of its type in the sector to measure the influence degree of clusters over the achievement of competitiveness.

The results show the control degree used by the buyer and supplier of the raw materials. This was accompanied by the threat of to introduce alternative commodities.

Regarding the internal performance of the institutions, the financial performance appeared to be low to moderate. This was accompanied by high and strong relationships with customers. The institutions' performance, with regards to internal processes, was moderate.

In reference with creativity in the institutions, which is considered to achieve long-term competitiveness, it appears to be of a moderate performance. These results conform with the study that is carried out by the following researchers:

(Yung-Lung Lai et al, 2014) have an assumption which indicates that the investigation of special resources and relationships among cluster firms affects the innovation performance, and the study outcomes support this hypothesis.

However, in their study (Yung-Lung Lai et al, 2013) used another dimension in their hypotheses by resorting to the industry clusters significantly and positively which influence on innovation performance, and again it has the same outcomes.

It is obvious that non involvement of certain companies in the cluster's activities is based on their desire to work alone since most companies are family-owned ones. Additionally, clustering is a new concept applied for the first time in Palestine, therefore, this concept might appear new and unclear for them. Most of the results in this research conform with (Porter 1998,1990) whose research results are as follows:

Porter (1990) Competitive advantage is sustained through continuous innovation and upgrading of the productive capacities of the firms.Clusters can affect competition through increasing the companies' productivity, and deriving the direction and pace of innovation (Porter 1998)

Moving further, the general trend of institutions involved in cluster's activities, and even non-involved companies, is high due to benefits and accomplishments achieved on the short-term. The reflection on this issue includes the fact that most of the institutions are involved in the cluster's activities. Moreover, results show that non-involved companies in the cluster's activities face competition higher than that of companies involved in cluster's activities

Results also show the impossibility of either achieving competitiveness or creation, learning, and growth through improving performance on sector or environment level, rather, this needs to be accompanied by an improvement of the company's internal performance and within internal environment which is represented by the factors and dimensions of the BSC (financial dimension, customers, and internal processes).

85% of those who participate in the cluster's activities stated that the reason was to achieve competitiveness. While, 83% showed their desire to build and enhance their abilities. Finally, the results indicated that 75% were not interested to join the cluster's activities because they prefer working alone and without being involved in the cluster.

The study applies Porter's Diamond and Five Forces and Balance Score Card framework on these SMEs in order to contribute towards a better understanding of the sources of competitiveness. Thus, in order to build a sustainable competitiveness for the SMEs in Hebron, there is a need to improve the sources of competitiveness on the SMEs working in processing the leather and shoes sector.

The Palestinian government, Ministry of National Economy, and Institutions working in leather industries sector are so keen to understand and identify the benefits and obstacles of the application of the concept of clustering since it is considered as a new methodology applied on the sector. Most institutions prefer to work alone and avoid cooperating with other. However, this experience encourages cooperation and networking between small and medium-sized institutions. The success of this experience, and proving that clustering achieves competitiveness would lead decision-makers and the Palestinian government to change its regulations and legislations and start circulating and applying this approach on the rest of the sectors.

The empirical findings also provides a theoretical basis, and simultaneously can be used to analyze relationships among competitiveness factors, including (innovation, customer's satisfaction, internal business and financial performance). From a managerial perspective, this study identified several factors essential to successful firms, and discussed the implications of these factors for developing organizational strategies that encourage and foster competitiveness.

5.3. Conclusions

Based on the research findings; we find no threat of having new competitors because of the limited size of the local market, and due to the fact that most institutions compete on the same segment, that is the commercial one. Moreover, we conclude that the reason of having alternative commodities is the existence of the low-cost and quality Chinese shoes, in addition to the lack of governmental legislations that limit or impose restrictions on imports, the matter which at the same time threatened of having new competitors. However, there is no great threat of having new competitors because most skilled workers have abandoned to work in this profession, the closure of companies and factories, in addition to the lack of training to employ new workers and open new businesses. On the other hand, we find competition between the existing companies due to the limited size of the local market and competing on the same segment which is the commercial one.

The financial performance, is average. Therefore, we conclude to the reasons that include the limited size of the local market, old machines that affect on the quantity of the production, employees' less productivity , and the high cost of the single unit. All of these factors lead to reduce the financial performance. Moreover, the reason behind the shortage of providing treated leather is the absence of scientific research and studies that address leather chemically and practically.

The researcher believes the relationship with customers to be high because of the high quality of goods, cheap products, and the speedy production. This is manifested in the institutions' internal performance which is moderate because most of institutions are family-owned businesses that employ family members without paying any attention to the skilled workforce. However, the performance is moderate because of the training courses implemented by the cluster which improve employees' performance and enhance their productivity despite of having old machines and unavailability of capital to buy new ones.

The institutions' creativity that achieves long-term competitiveness is of a moderate value due to the existence of shortage in human resources investment, weak infrastructure, lack of governmental role to encourage creativity, in addition to the clusters' approach that does not enhance short-term creativity, rather, this process might take 4 to 5 years.

The impression of unregistered companies in the cluster's activities indicates a high satisfactionwhich encourages them to join the cluster activities in the future.

The reason of having higher competitiveness between companies unregistered in the cluster is the difficulty to measure the cluster on the short-term, in addition, most of the unregistered companies in the cluster are huge and competitive companies in contrast to those registered in the cluster which are considered small and of a medium-size whose competitiveness is low and registered in the cluster to improve their competitiveness and performance.

According to the results the leather and shoescompaniescompanies apply most clustering action such as:

- Exchange information and acquire knowledge.
- Reach to new demanding markets.
- Marketing and joint communications.
- Institutional connection and partnerships.
- Reach (research, technological development, innovation and equipment)
- Exchange support services (training, procurements, consultancy services, quality)

We conclude that non involvement of certain companies in the cluster's activities is based on their desire to work alone since most companies are family-owned ones. Additionally, clustering is a new concept applied for the first time in Palestine, therefore, this concept might appear new and unclear for them.

As well, a proposed leather and shoe cluster model (LSCM) is developed. The board of the model is led by the related ministries and authorities in a consensus framework with involved organizations (professional associations, educational-training, technical and financial support organizations and related ministries). It is essential that the management of the leather & shoe cluster should be independent. (Cluster, 2015). See appendices A-4. Leather and Shoes cluster MAP

Cluster map shows that those companies will overcome those challenges and increase their competitiveness by forming a cluster initiative. leather and shoescompaniesa very strong potential cluster for the following factors:

- The number of companies is relatively highe, with geographical proximity between them, and they have a high cultural cohesion factors.
- They have common threats and/or challenges.
- Potential for commercial development and potential of HR development

- Potential for improving processes and products, by make every firms to have a number of products that it produce alone where this will enhance its competitiveness by minimizing time of lines setup, and focus on these products
- Potential to optimize the supply chain. By establishing a joint supplier in the region, and a joint marketer, and a research and testing center.
- Common needs for public strategies and regulations to support the sector, such as allowing the establish a special center to support the shoemaking and leather through the development of models and designs, laboratory for quality checking, and providing specialized training courses related to manufacturing shoes and leather, and make incentives to support exports
- Opportunities to improve the incentive framework for the activity.
- Opportunities and potential impact of local partnerships with public institutions.
- Common needs and challenging in accessing financial and non-financial services. Because the investment in this sector needs high capital to be injected for new lines. And there is no support for the long term investment in Palestine,
- Attractiveness for new external investment, especially the related industries, like packaging, transportation, etc

It is clear through the diagnosis carried out by the researcher that most of the local companies are competitive in price, and in good quality however, some of the customers still don‘t trust the foreign products like the local products.

Although the leather and shoes manufacturers have good number strengths, such as their continuous development, high adaptability to change, availability of skilled labour, with competitive wages good quality products, with and significant local market share.

Clustering will enhance the relationship between the cluster members, and encourage them to undergo some collaborative and collective project which will enhance their competeveness. The current relation is very strong and promote sharing of information, technology transfer, and co-production. However, with cluster approach those parameters will be happen, where there will be a support from the universities in R&D, testing, supplying the industry with a skilled workforce, and on the contrary the firms will supply the universities in training opportunities in the firms, and could supply some finance for the projects of the universities.

On the other hand the firms will talk as a one part, and can get more power in front of the public sector, another thing they could have a shared brand for the cluster which ease for them the export and entering new markets, and lower the operating costs

5.4. Recommendations

In conclusion, the following recommendations are proposed as basis to develop leather and shoes Cluster.

With reference to the study conclusions, a number of recommendations can be drawn as follows:

- **Recommendations for government.**

Based on the researcher's best knowledge in this regard, this study is likely to significantly add to both, researchers and policy makers, as it provides a policy of recommendation that can play an important role for to improve this important sector in Palestine.

Government and the donors involved in the leather and shoes cluster development initiative should continue their support at least until the removal of the major challenges of the cluster.

The local government should encourage the leather and shoes industries to work as a cluster and as a managed cluster through a set of incentive policies, such as tax incentive, building an R&D research and testing center, , where this force all of the companies to work under the umbrella of the cluster, and take more collaborative projects, which would have a clear positive effect on the whole cluster.

It is recommended to establish a special center to support the shoemaking and leather through the development of models and designs, laboratory for quality checking, and providing specialized training courses related to manufacturing shoes and leather,R&D center, which is a key requirement for innovation

Additionally, Open shoe shop for only the cluster products targeting the end consumer

To find the suitable legal status that would allow the cluster to implement activities and development.

Moreover, to allow the cluster to become a mechanism of self-learning which will help it to sustainable development

The researcher also recommends conducting research and studies on the topic of treated leather and investment of human resources and infrastructure. Moreover, the government should create an environment that encourages creation and innovation.

- **Recommendations for SME’s, and BSO**

The researcher recommends that the all leather and shoes firms should work as cluster as suggested in the cluster map in the appendices A-4, since it was proven by the research that it will increase the competitiveness by cost reduction, penetration of new markets, etc.

Business Support Organizations (BSOs) that related to the leather and shoes industry such as chamber of commerce, and union of the leather and shoes industries should play a major role in creating and organizing a cluster initiative for the leather and shoesindustry in order in expanding this industry to reach more and more markets, and attract more investments, which will reflect positively on the Palestinian economy

Not to only look to the local markets, however, the cluster should search for other markets and to benefit from the cumulative production capacity for all the cluster members

It is recommended to concentrate on clusters' activities to improve enterprises' internal performance and move to the external environment. In addition to transferring clusters' experience to other sectors due to its positive results achieving competitiveness, and therefore, achieving economic growth and sustainability that are considered as fundamental pillars to achieve sustainable development in Palestine

The researcher recommends taking into account conducting this research on a larger sample. The proposed study might include more variables which are proved to affect on the variables mentioned in the study, such as variables that affect the achievement of competitiveness and innovation.

This study examined the role of clustering to achieve competitiveness for small and medium-sized enterprises through investigating the surrounding environment and the internal performance of these enterprises in order to achieve creativity that leads to competitiveness. Future research might be directed to use other technical dimensions besides the clustering ones in order to achieve competitiveness. Based on studying other factors and dimensions that achieve creation and innovation, future research might concentrate on success factors of enterprises that work in the clustering, in addition to the evaluation of the clustering concept itself.

Future research should be done in:

- Future research can examine the relationship between working in clusters and enhanced innovation may moderate the relationships between clustering and innovation and economic Enterprise' s.
- The effect of clustering using another clustering models other than porters one.
- The effect of clustering on the competitiveness on other sectors which has firms smaller than the leather and shoes firms

From a practical perspective, the relationships among clustering and competitiveness may provide a clue regarding how the cluster enhances economic Enterprise' s such as a skilled workforce, research and development capacity and infrastructure; and thus creates assets such as trust, synergy, collaboration and cooperation, which are all essential for competitiveness.

5.5. Summary

This chapter summarizes the most significant results, findings, and recommendations, and discusses the conformity of study results with previous studies. Results indicate that the application of clustering achieves effectiveness that is represented in the creation and growth of these enterprises but the short rather long term. In addition, the results also indicate that improving the performance of the surrounding environment using Porters Diamond does not achieve competitiveness except through the existence of a mediator variable which is (BSC). Based on this, all hypothesis were accepted and proved except for the first one which stipulates that improving performance with the surrounding environment directly achieves competitiveness.

This study aimed to examine the process where institutions and their performance are evaluated based on the sector, external and internal environmental level by using a number of scales that include (Porter's Diamond, Five Forces, and the BSC), in addition to the inclusion of external factor, clustering, that controls the performance improvement process to achieve competitiveness. Results showed that clustering affects the institutional performance until competitiveness is achieved through indirect improvement of internal performance and by using the BCS. However, it directly affects on the dimensions of the BSC (financial dimension, the relationship with customers, and internal processes) in order to achieve long-term competitiveness through the achievement of the 4th dimension of the BCS, which is growth and innovation

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A-1. Questionnaire (Arabic)

جامعة القدس

عمادة الدراسات العليا

معهد التنمية الريفية / كلية الاعمال والاقتصاد

بناء المؤسسات وتنمية الموارد البشرية

التاريخ : \ \ 2016

المشارك الكريم :

تحية طيبة و بعد:

الموضوع: استبيان أداء قطاع الاحذية والجلود في محافظة الخليل وتطبيقها لنظرية التجمع العنقودي

نهديكم أطيب التحيات ونعلمكم بأننا بصدد عمل دراسة بحثية حول موضوع" دور تطبيق وادارة منهجية التجمعات العنقودية في تحقيق التنافسية للشركات الصغيرة والمتوسطة - (حالة دراسية قطاع الاحذية والجلود في محافظة الخليل)" بإشراف الدكتور إبراهيم عوض الباحث والمحاضر في جامعة القدس.

يعد قطاع صناعة الاحذية والجلود في فلسطين واحدامن أهم القطاعات الصناعية الفلسطينية، وحسب الجهاز المركزي للاحصاء الفلسطيني يسهم بما نسبته 1% من الدخل الإجمالي للقطاعات الصناعية الفلسطينية بشكل عام وتساهم محافظة الخليل بما نسبته 75 % من اجمالي هذه الصناعة . مما يجعل صناعة الاحذية الفلسطينية من أهم الصناعات الواعدة و التي قد تسهم بشكل ملموس في تحسين الدخل القومي الفلسطيني.

لذلك نقومبدراسة هذا القطاع مع الأخذ بعين الاعتبار نظرية التجمع العنقودي "Clusters" و التي تعتبر في هذه الأيام واحدة من أهم النظريات في علم الإدارة، و تهدف بشكل أساسي إلى تحسين الميزة التنافسية للقطاعات الصناعية و الخدمية.

نرجو من مدراء وأصحاب شركات الاحذية والجلود الكرام التكرم بالإجابة على أسئلة هذا الاستبيان المخصص لبحث أداء الشركات و دراسة مدى تطبيق مفهوم التجمع العنقودي في هذا القطاع، وأهم العوامل المؤثرة على زيادة الميزة التنافسية لهذا القطاع.

نرجو من حضرتكم الإجابة بدقة على هذا الاستبيان حيث أن إجاباتكم تساهم في نجاح الدراسة المخصصة للبحث العلمي ، ونؤكد على ما يلي :

- **سيتم استخدام هذه المعلومات فقط لأغراض البحث العلمي وسيتم التعامل معها بسرية تامة .**
- **يتكون هذا الاستبيان من أربعة أجزاء و يحتاج إلى ما يقارب 20دقيقة لإكماله.**
- **وفي حال رغبتم في الحصول على ملخص النتائج، أرجو كتابة عنوانكم البريدي أو البريد الالكتروني بوضوح على الإستبانة...**

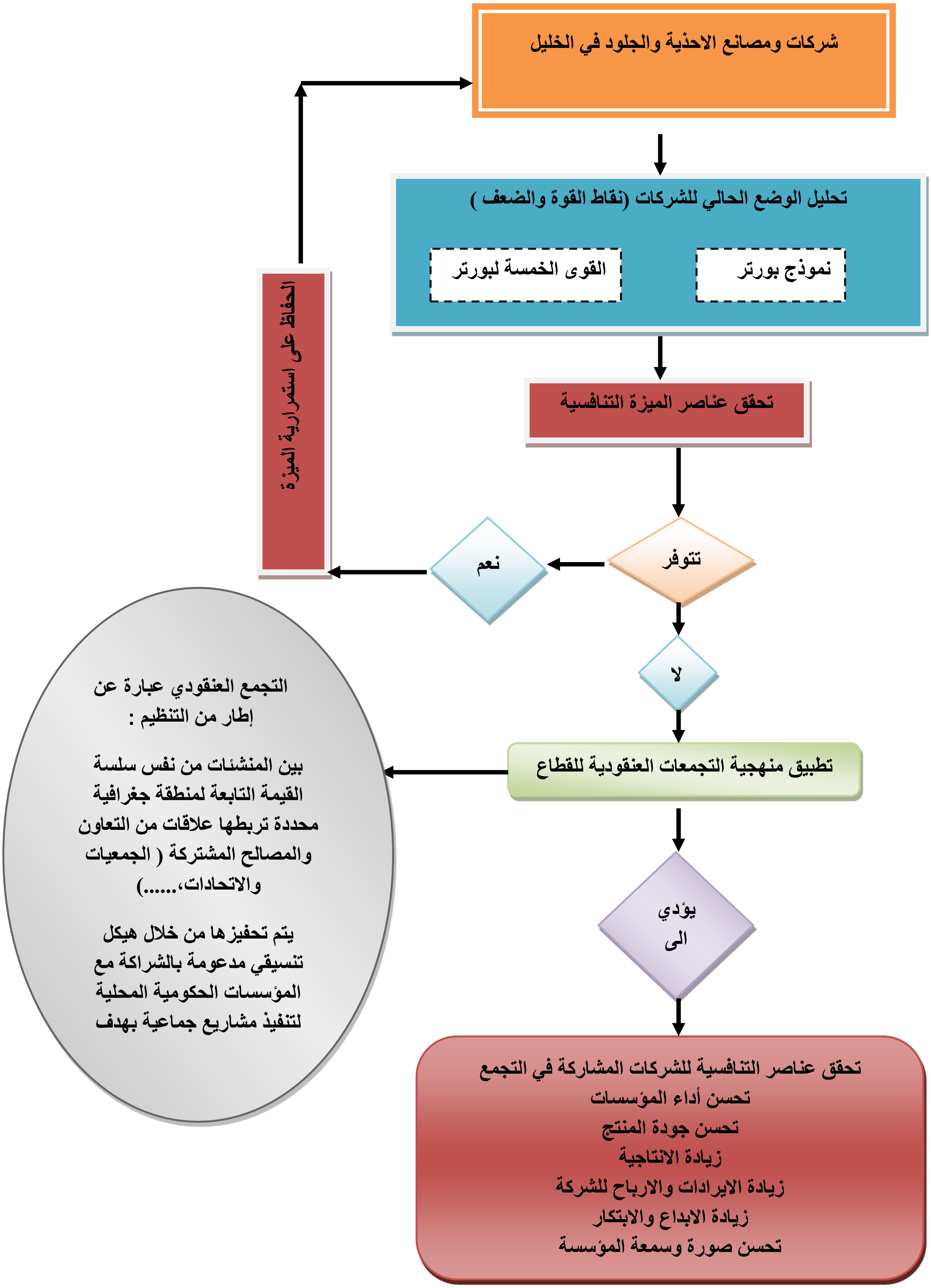
نشكركم و تقبلوا منا خالص الاحترام و التقدير

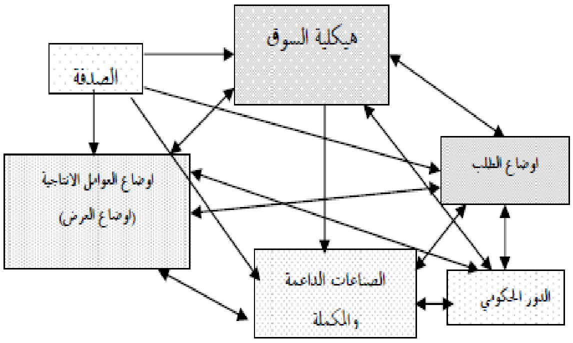
الباحث: علاء علي عمرو

0599078123

3laa.3mro@gmail.com

نموذج البحث : الشكل (A-1) يعكس نموذج البحث





الشكل 1-1 ماسية Porter

المصدر: بورتر "المزايا التنافسية للأمم" 1990 صفحة 12

الجزء الأول: معلومات عن المستجيب للاستبيان .

(صاحب المنشأة، المدير، أو المسؤول في المنشأة)

رقم الاستمارة (   )

المنصب :...

اسم المنشأة :...

عنوان المنشأة :..

الجزء الثاني :اولا :- البيئة المحيطة: وتشمل على الموارد الضرورية لقطاع صناعة الاحذية والجلود في فلسطين . وذلك لقياس الوضع الحالي والتنافسي للشركات من حيث :

الرجاء وضع إشارة (✓) في المربع الذي تراه مناسباً ووجهة نظرك:

الرقم	العبارات	موافقبشدة	موافق	محايد	معارض	معارض بشدة
A: عناصر الانتاج : وتتمثل في (A1. رأس المال)، (A2. العنصر البشري ومهارات الايدي العاملة)، (A3. المعرفة والمعلومات)، (A4. المواد الخام) و(A5. المصادر الطبيعية) .						
A1.1	يوجد سهولة للحصول على رأس مال للتطوير الصناعة المحلية					
A1.2	من السهل الوصول إلى التسهيلات الائتمانية التي تقدمها المؤسسات المالية					
A1.3	انه من السهل الوصول إلى أسواق رأس المال.					
A1.4	من السهل الوصول إلى الاستثمارات الخاصة او الاهلية					
A1.5	أعتقد انه يمكن الوصول بسهولة إلى الدعم الحكومي					
A1.6	يمكن الحصول على موافقة الحكومة على ضخ رأس المال.					
A2.1	يمكن الوصول بسهولة إلى الفنيين ذوي الخبرات.					
A2.2	يمكن الوصول بسهولة إلى المتخصصين المبدعين في مجال الاحذية.					
A2.3	يمكن الوصول بسهولة إلى الخبرات التقنية و بمستويات مختلفة.					
A2.4	الاحظ انه يمكن الوصول بسهولة إلى الموارد البشرية من خلال الهيئات الحكومية، الكليات، الجامعات، و المراكز البحثية.					
A3.1	يمكن الوصول بسهولة إلى المعلومات الخاصة بقطاع صناعة الاحذية في فلسطين					
A3.2	يمكن الوصول بسهولة إلى المعرفة الإدارية.					
A3.3	يوجد سهولة الحصول على معلومات لتطوير الصناعة المحلية					

A3.4	الاحظ انه يمكن الوصول بسهولة إلى تكنولوجيات الإنتاج من الهيئات الحكومية.					
A4.1	تتوفر المواد الخام الخاصة بصناعة الاحذية بشكل كبير في فلسطين					
A4.2	يمكن بسهولة للحصول على المواد الخام الضرورية للاحذية					

الرقم	العبارات	موافقبشدة	موافق	محايد	معارض	معارض بشدة
A4.3	أرى أن هناك امكانية تزويد كميات كبيرة من الاحذية بنفس الجودة أو اللون					
A4.4	الاحظ عدم ثبات في جودة المواد الخام					
A5.1	ان البنية التحتية المتوفرة حاليا جيدة					
A5.2	اشعر بأن كلفة البنية التحتية مرتفعة					
A5.3	اعتقد ان الاوضاع السياسية سيئة					
A5.4	ارى ان الاوضاع الاقتصادية سيئة					
A5.5	ان القوانين والانظمة المعمول بها تؤثر سلبا في تطوير الصناعة					
B: عوامل الطلب : محليا تساعد في وضع سوق الشركات لخلق مزايا تنافسية من خلال وجود منتجات متطورة ، جودة عالية ، مستوى الطلب						
B1	يوجد هناك سهولة للدخول الى الاسواق المحلية					
B2	يمكن بسهولة الدخول الى الاسواق العالمية					
B3	مستوى الطلب المحلي على الاحذية عالي					
B4	مستوى الطلب العالمي على الاحذية عالي					
B5	سمعة الحذاء الفلسطيني في الاسواق العالمية جيدة					
B6	هناك وعي الزبون حول المواصفات الفنية وحول جودة للحذاء					
B7	الزبون يطلب تحسين وتطوير على المنتجات بشكل مستمر					
C : الصناعات الداعمة والمكملة : حيث ان وجود مثل هذه الصناعات بجانب الصناعة الاساسية يمكن أن يسهل في استخدام عوامل انتاجية مهمة من أجل الابداع وتشمل الصناعات الفرعية والمغذية والتي تسهل تبادل المعلومات والافكار والابداعات						
C1	وجود العلاقات الشخصية في البيع والشراء تدعم تطوير الصناعة المحلية					
C2	ارى ان هناك تعاون مع مؤسسات التأمين المحلية					
C3	هناك تعاون مع مراكز البحث والتدريب والاستشارات والجامعات					
C4	هناك تعاون مع المصنعيين المحليين للمعدات والادوات					
C5	هناك تعاون مع المؤسسات العامة (غرفة تجارة الخليل / اتحادات / بلدية					
C6	الاحظ هناك تعاون مع المؤسسات الحكومية					
C7	تعاون مؤسستك مع مؤسسات من نفس قطاع الاحذية والجلود جيد					
C8	تعاون مؤسستك مع مؤسسات من قطاعات اخرى مثل (تصميم /تسويق / فحص جودة) جيد					
D:استراتيجية الشركة والمنافسة وهيكلية السوق : وهي الطريق التي يمكن للشركات أن تسلكها لتطبيق ذلك وذلك من خلال وضع الاهداف وكيفية جعلها عنصرا هاما في النجاح						
D1	مؤسستك ذات التكاليف الاقل وتقوم بانتاج منتجات ستاندر (كغيرك من المنتجين) لخدمة فئات متعددة في السوق					
D2	مؤسستك ذات التكاليف الاقل وتقوم بانتاج منتجات متميزة لخدمة فئات متعددة في السوق					

D3	مؤسستك ليست المنتج ذات التكاليف الاقل وتقوم بانتاج منتجات ستاندر (كغيرك من المنتجين) لخدمة فئات متعددة في السوق					
D4	مؤسستك ليست المنتج ذات التكاليف الاقل وتقوم بانتاج منتجات متميزة لخدمة فئات متعددة في السوق					
E : الدور الحكومي : يؤثر على الشركة بهدف رفع القدرة التنافسية مثلا : التأثير على وضع العرض من خلال التأثير على العناصر الانتاجية وكذلك على وضع الطلب من خلال التأثير على العناصر الانتاجية						
E1	يوجد سياسات حكومية تشجع الصناعة في فلسطين					
E2	استفادت شركتكم من سياسات الحكومة المشجعة لصناعة الاحذية					
E3	تأثير الحكومة الابرز على الصناعة يتمثل بالاجراءات والقوانين والسياسات					
E4	الحكومة حاليا تدعم الاستيراد بدرجة اعلى من الصناعة					
F : الفرص المتاحة : وتحدث عندما تتوفر عناصر انتاجية خارج نطاق السيطرة والرغبة من قبل الشركات مثلا : اكتشاف بعض عناصر الانتاج الطبيعية المهمة للعمليات الانتاجية						
F1	يتوفر ايدي عاملة رخيصة كلما احتاجت الشركة لعمال جدد					
F2	لا اجد صعوبة في الحصول على عمال مهرة					
F3	هناك صعوبة في توفير الجلود المعالجة					
F4	الفرص المتاحة في بلدنا تتمثل بالاسواق الجديدة					
F5	يوجد فرص في دعم الشركات ماليا وتطوير خطوط انتاج بشكل رئيسي					

ثانيا : كيف تقيم العوامل التالية حسب تهديدها لمنشئتك : (الرقم (1) يمثل العامل الاكثر اهمية ، الرقم (5) يمثل العامل الاقل أهمية :-

الرجاء وضع إشارة (✓) في المربع الذي تراه مناسباً ووجهة نظرك:

الرقم	البيان	1	2	3	4	5
.1	شدة المنافسة بين المؤسسات					
.2	درجة تحكم المشتري (المتعهد/الزبون)					
.3	درجة تحكم المشتري (صاحب محل الاحذية)					
.4	تهديد دخول سلع بديلة					
.5	تهديد دخول منافسين جدد لقطاع الاحذية والجلود					

الجزء الثالث : الميزة التنافسية للمنشأة : باستخدام نموذج بطاقة قياس الاداء المتوازن

ويمكن تعريفها بأنها " نظام إداري يهدف إلي مساعدة المنشأةعلي ترجمة رؤيتها و استراتيجياتها إلي مجموعة من الأهداف والقياسات الإستراتيجية المترابطة ." حيث لم يعد التقرير المالي يمثل الطريقة الوحيدة التي تستطيع الشركات من خلالها تقييم أنشطتها ورسم تحركاتها المستقبلية (Kaplan & Norton,1992) وتتمثل بارعة أبعاد :

البعد الأول " البعد المالي" كيف ننظر إلى المساهمين؟
البعد الثاني " بعد العملاء "كيف ينظر إلينا العملاء؟
البعد الثالث " بعد العمليات الداخلية " ما الذي يجب أن نتفوق به؟
البعد الرابع " بعد النمو والتعلم "هل يمكن أن نستمر في التحسين وخلق قيم؟

كيف تقيم العناصر التالية في منشئتك والمتعلقة بتحديد ميزتك التنافسية ؟

الرجاء وضع إشارة (✓) في المربع الذي تراه مناسباً ووجهة نظرك:

الرقم	البيان	الى حد كبير جدا	الى حد كبير	الى حد متوسط	الى حد قليل	الى حد قليل جدا
BSC1 : البعد المالي : كيف نقيس النجاح بواسطة المساهمين						
Bsc1.1	الاحظ هناك زيادة ملموسة في الإيرادات بالنسبة لحجم الاستثمار					
Bsc1.2	بشكل عام هناك تحسن في الايرادات					
Bsc1.3	هناك زيادة ملموسة في الأرباح التشغيلية.					
Bsc1.4	هناك انخفاض ملموس في تكاليف الانتاج .					
Bsc1.5	هناك تحسن في الربحية.					
BSC2 : العلاقة مع الزبائن ويشمل الية خلق قيمة للزبائن						
Bsc2.1	تحكم الزبون في السلعة عالي					
Bsc2.2	هناك تحكم للمورد					
Bsc2.3	يوجد تهديد دخول منافسن جدد					
Bsc2.4	حصتك من السوق المحلي في الاحذية والجلود مرتفعة					
Bsc2.5	الزبون راضي عن منتجاتك					
Bsc2.6	الكمية التي تصدرها مرتفعة					
Bsc2.7	هناك تهديد لدخول سلع بديلة (حذاء مستورد)					
BSC3: العمليات الداخلية وتشمل على العمليات الداخلية لتلبية احتياجات الزبائن وتوقعات المساهمين						
Bsc3.1	هناك تحسن في البحث والتطوير والقدرة على الابتكار.					
Bsc3.2	هناك تحسن في انتاجية الموظفين والعمال عندك					
Bsc3.3	يمكن الحفاظ بسهولة على المهنيين داخل الشركة					
Bsc3.4	يوجد رضى وظيفي عند الموظف					
BSC4: بعد التعلم والنمو : ويشمل على قدرات الموظفين وكفاءة انظمة المعلومات لدى الشركة ، وتحسين العمليات وطبيعة العلاقة مع الموردين والزبائن						
Bsc4.1	الفترة التي تستغرقها لادخال منتجات جديدة كبيرة					
Bsc4.2	نسبة ادخال منتجات وأصناف جديدة من مجمل المنتجات					
Bsc4.3	عدد التحسينات والاضافات من الموظفين كثيرة					

الجزء الرابع: مخرجات وفوائد التجمع العنقودي

A. هل تشارك في أنشطة التجمع العنقودي لقطاع الاحذية والجلود : □نعم□ لا

اذا كان الجواب نعم، لماذا انت مشترك فيه : (يمكن اختيار أكثر من اجابة).

B. □ **الاستفادة من برامج بناء القدرات.**(وتتمثل الارتقاء بخصائص الموارد البشرية وتحسين كفاءتها التقنية والانتاجية وتحسين مستوى أداء العمل)

C . □ **الدخول في اسواق جديدة.** (والتسويق في هذه الاسواق)

D. □ **التشبيك وبناء العلاقات.** (وتوسيع شبكة الاتصالات لتحسن عملك)

E. □ **الدعم والمناصرة.** (وتتمثل في خلق ادوات فعل وضغط جماهيري اقتصادية تستهدف التاثير والتوعية في الحقوق الاقتصادية)

F. □ **لتحسين الانتاج والجودة**

G.□ **للبحث والتطوير**

H.□ **للتسويق وبيع المنتجات** (من خلال بيع منتجات الشركات المسجلة في تجمع شغل الخليل)

I. □ **لزيادة المبيعات من التصدير**

J.□ **لتخفيض تكاليف الانتاج**

K. □ **لتحسين القدرة التنافسية لشركتك**

L.□ **اسباب اخرى** ....

- **اذا كان الجواب لا ، لماذا انت غير مشترك: (يمكن اختيار أكثر من اجابة)**

M.□ لعدم علمي بأنشطة التجمع العنقودي.

N . □ لا أجد فائدة من المشاركة .

O. □ أفضل العمل لوحدي وليس ضمن تجمع .

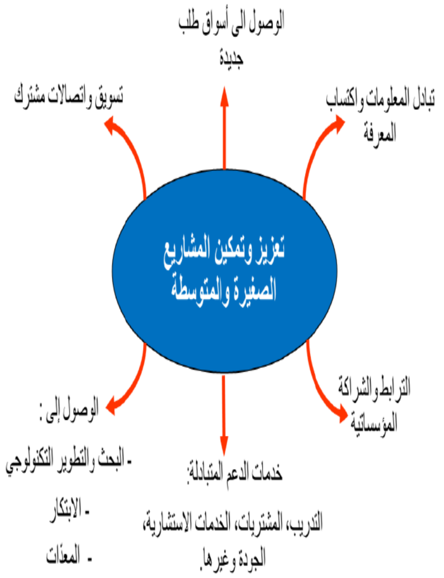
P . □ اسباب اخرى ....

1. برأيك التجمع العنقودي يساعد المؤسسة في :

الرقم	العبارات	دائما	غالبا	احيانا	نادرا	اطلاقا
.1	تقليل كلفة المنتج					
.2	تحسين جودة المنتج/ الخدمة					
.3	سهولة الوصول لموردين جدد					
.4	سهولة الوصول لزبائن جدد					
.5	اداة دفاعية امام المنافسين					
.6	دخول اسواق جديدة					
.7	زيادة مرونة المنشئة					
.8	قدرة المؤسسة على الابداع					
.9	خلق فرص عمل في المنشئة					
.10	تحسين صورة المنشئة					
.11	يحل مشكلة المنشئة من حيث نقص الموارد و البحث والتطوير					

الرقم	العبارات	دائما	غالبا	احيانا	نادرا	اطلاقا
.12	زيادة الانتاجية					
.13	سهولة الحصول على المدخلات الانتاجية					
.14	انخفاض تكاليف الصفقات					
.15	انخفاض تكاليف النقل للمواد الخام					
.16	انخفاض تكلفة المخزون					
.17	زيادة الحصة السوقية					
.18	تحسن قدرتك لتطوير منتجات جديدة					
.19	خفض معدلات البطالة و التخفيف من الفقر					
.20	رفع القدرة التنافسية لاقتصاد البلد					

الجزء الخامس : الية عمل التجمع العنقودي :



– **لتعزيز وتمكين منشئتك هل حاليا تقوم بالانشطة التالية :**

Q.☐ تبادل المعلومات واكتساب المعرفة.

R .☐ الوصول الى أسواق طلب جديدة .

S .☐ تسويق واتصالات مشتركة.

T .☐ الترابط والشراكة المؤسساتية.

V .☐ الوصول الى (البحث والتطوير التكنولوجي ، الابتكار ، المعدات).

W.☐ خدمات الدعم المتبادلة (التدريب ، المشتريات ، الخدمات الاستشارية ،الجودة)

X .☐ جميع ما ذكر .

Y .☐ امور اخرى ، حدد ....

الجزء السادس : معلومات عامة

1. **ما هي الصبغة القانونية لمنشئتك :**

☐ فردية ☐ شركة تضامنية ☐ محدودة المسؤولية ☐غير ذلك، حدد.........................

2. **هل المؤسسة :** ☐ عائلية ☐ غير عائلية

3. **نوع القطاع الذي تعمل فيه :**

☐ مدابغ ☐ مزود مواد خام للاحذية ☐ مصمم احذية

☐ مصنع احذية ☐ مسوق للاحذية " بائع " ☐ غير ذلك، حدد................

4. **هل انت عضو في الغرفة التجارية :** ☐ نعم ☐ لا

5. **هل أنت عضو في اتحاد صناعة الاحذية والجلود :** ☐ نعم ☐ لا

6. **عدد العاملين الاجمالي :** ....

7. **سنة التأسيس :**...

8. **موقع المنشأة :** ☐ مدينة ☐ قرية ☐ منطقة صناعية

9. **عمر المؤسسة :** ....

10. **سنوات الخبرة عند المسؤول / أو صاحب العمل :** ....

الجزء السابع : تقييم الاستبيان

الرقم	العبارة	أوافق الى حد كبير جدا	أوافق الى حد كبير	محايد	أوافق الى حد قليل	أوافق الى حد قليل جدا
7.1	الاستبانة واضحة ومباشرة					
7.2	هدف الاستبانة واضح والاسئلة تعكس الاهداف					
7.3	اسئلة الاستبانة متنوعة					
7.4	اسئلة الاستبانة متسلسة ومنطقية					
7.5	اسئلة الاستبانة مملة وطويلة					
7.6	اسئلة الاستبانة مكررة					

3.8.أي من اسئلة الاستبيان كانت غير واضحة وغامضة :-...

3.9.كم الوقت الذي قضيته في تعبئة هذه الاستبانة:

1- أقل من 10 دقائق 2- (10-15) دقيقة 3- أكثر من 15- دقيقة

3.10 أرى أن تصميم الاستبيان ساعدني على الاجابة بسهولة على كل فقراتها؟

1- نعم 2- لا

3.11 اذا كان الجواب لا فما هي اقتراحاتك؟---

عزيزي المشارك:

نشكركم على وقتكم لإستكمال تعبئة هذه الإستبانة

A2-Questionnaire (English)

Date - / 2016

Al Quds University

Deanship of Graduate Studies

Institute of Rural Sustainable Development

Institutions-Building and Human Resources Development

The subject : A Questionnaire on the Performance of on Shoes and Leather Sector and its Application of Clustering Theory in Hebron Governorate.

Greetings,

The researcher would have the pleasure to inform you about a research study on " The Role of Applying and Administering Clusters to Achieve Competitiveness for Small and Medium-sized Enterprises) - (A case study of shoes and leather sector in Hebron Governorate), under the supervision of Dr. Ibrahim Awad, researcher and lecturer in Al-Quds University.

Shoes and leather industry sector in Palestine is considered as one of the most important industrial sectors. In accordance with the Palestinian Central Bureau of Statistics (PCBS), this sector contributes with 1% of the overall income of Palestinian industrial sectors in general, , however, Hebron Governorate contributes with 75% from the overall of this industry, the issue that . makes shoes industry as one of the most significant and promising industries that might tangibly contribute to improve the Palestinian Domestice Income.

Based on this perspective, we investigate this sector, taking into account "Clusters" Theory that is considered as one of the important theories in the Science of Administration, and which basically aims to improve competitive features for industrial and service sectors.

We would like to ask owners and managers of shoes and leathers companies to kindly respond the questions listed in this questionnaire that is designed to investigate companies' performance and the application of "Cluster Theory" in this sector as one of influential factors to increase the competitive feature.

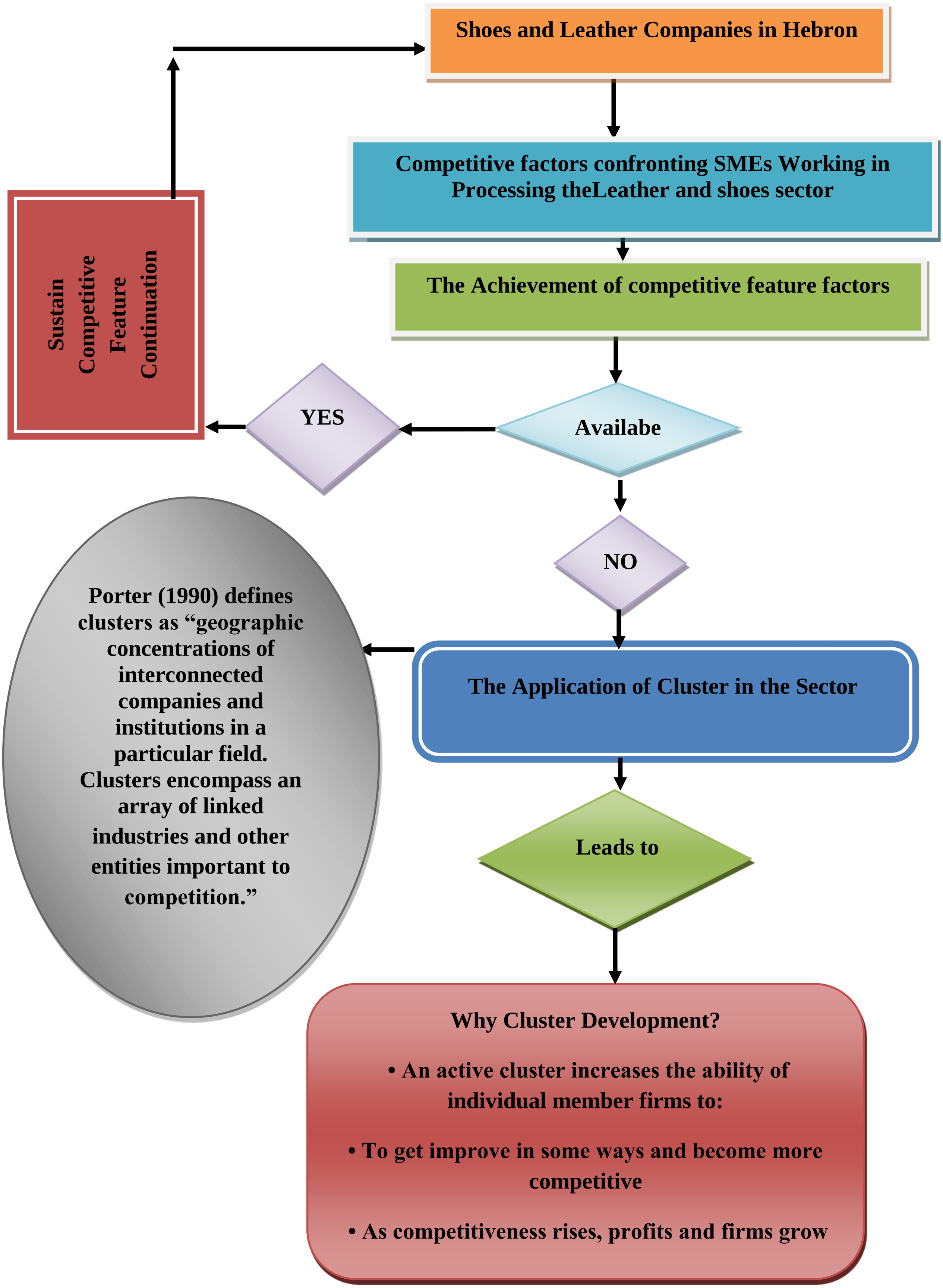
You are kindly requested to precisely answer the questions; your answers would contribute to the success of this specialized study of scientific research. Therefore, we would like to assure you of the following: - Information mentioned in this research will only be used for scientific research purposes and will be treated confidentially.

- This questionnaire consists of (4) parts and takes approximately (20) minutes to be finished.
- In case you are interested to receive a copy of the research findings, please write down your email address: …………………

Please accept our deep appreciation and respect

Researcher: Alaa Ali Amro/Mobile: 0599078123/ Email: 3laa.3mro@gmail.com

Figure A-1 : **Model of the study:A-1**



Questionnaire number (   )

Part I: First part: Information about the respondent.

(Owner, manager, or the director of the enterprise)

Position:…………………………………………….

Name of Enterprise: ………………………………………….

Address::……………………………………………

Part II: First: Surrounding Environment: it includes necessary sources for shoes and leather sector in Palestine in order to measure the current and competitive situation of the companies in terms of the following:

Please answer the following questions by ticking (/) the correct box based on your viewpoint:

#	**The statement**	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Elements of Production are represented in (A1. Capital) (A2. Human Factor and Skilled Workforce) (A3. Knowledge and Information) (A4. Raw Materials) and (A5. Natural Resources).						
A1.1	It is easy to receive capital for local industry development					
A1.2	It is easy to access credit facilities offered by financial institutions.					
A1.3	It is easy to access capital markets.					
A1.4	It is easy to access private or civil investments.					
A1.5	I believe I can easily receive governmental support.					
A1.6	It is possible to obtain a governmental approval on capital injection.					
A2.1	It is easy to reach experienced technicians.					
A2.2	it is easy to reach creative specialists in shoes field.					
A2.3	It is easy to reach technical experiences of different levels.					
A2.4	I believe it is easy to reach human resources					

	through governmental agencies, colleges, universities and research centers.					
A3.1	It is easy to reach private information regarding shoes making sector in Palestine.					
A3.2	It is easy to reach the knowledge of management.					
A3.3	It is easy to obtain information to develop local industry.					
A3.4	I believe it is easy to access production technology from governmental agencies.					
A4.1	Raw materials concerning shoes industry are abundantly available in Palestine.					
A4.2	It is easy to get raw materials necessary for shoes making.					
A4.3	I believe there is a possibility to provide huge quantities of shoes with same quality and color.					
A4.4	I can notice instability in the quality of raw materials.					
A5.1	I believe that available infrastructure is accepted.					
A5.2	I believe that the cost of infrastructure is high.					
A5.3	I believe political situations are bad.					
A5.4	I believe economic situations are bad					
A5.5	Applicable rules and regulations in Palestine affect negatively on industry development.					
B: Demand factors: Locally, they help in companies' market to create competitive features through the existence of developed products, high quality and demand level.						
B1	It is easy to enter local markets.					
B2	It is easy to enter international markets.					
B3	The level of local demand on shoes is high.					
B4	The level of international demand on shoes is high.					

B5	The reputation of the Palestinian shoes quality in the international markets is good.					
B6	Customers are aware of technical specifications and quality of shoes					
B7	Customer constantly demand continuous development and improvement of products.					
C: Supportive and complementary industries: The existence of such industries, besides the basic one would facilitate using important productive factors of creativity. They include individual and feeding industries that facilitate creativity and exchange of thoughts and ideas.						
C1	Personal relationships in selling and purchasing support local industry development.					
C23	I see sense cooperation between local insurance institutions.					
C3	Cooperation exists with research training, consultation centers, and universities.					
C4	There is a kind of cooperation with local producers of e equipment and devices.					
C5	There is a cooperation with public institutions (Hebron Chamber of Commerce, Unions and the municipality).					
C6	I notice a kind of cooperation with governmental institutions.					
C7	The level of your enterprise cooperation with other enterprises from shoes sector is good.					
C8	The level of your enterprise cooperation with other enterprises from other sectors (design, marketing and quality inspection) is good.					
D: The company's strategy, competition, and market structure: The method that might be followed by companies for to apply this through setting objectives and mechanisms of success.						
D1	Your enterprise is of a low cost and produces standard products (like other producers) to serve various segments in the market.					
D2	Your enterprise is of a low cost and produces					

	distinguished products to serve various segments in the market.					
D3	Your enterprise is not of a low cost and produces standard products (like other producers) to serve various segments in the market.					
D4	Your enterprise is not of a low cost and produces distinguished products to serve various segments in the market.					
E: Government role: It affects the company for the purpose of raising the competitiveness. For example, the effect on offer and demand through affecting production factors						
E1	There are governmental policies that encourage industry in Palestine.					
E2	Your enterprise benefited from governmental policies that encourage shoes industry.					
E3	The most government governmental effect on the industry is represented in the procedures, laws, and policies.					
E4	Currently,, the government supports imports more than industry.					
F: Available Opportunities: It occurs production elements are incontrollable, in addition to the companies' desire such as, discovering some natural elements important for production processes.						
F1	Cheap labor is always available in case the company requires new workers.					
F2	I do not face a difficulty to getting professional workers.					
F3	It is difficult to provide treated leather.					
F4	In our country, available opportunities represented in new markets.					
F5	Opportunities are available to financially support the companies and develop main production lines.					

Second: How do you evaluate the following factors based on their threats on your enterprise: number (1) represents the most significant factor; number (2) represents the least significant factor?

Please answer the following questions by ticking (/) the correct box based on your viewpoint

	Statement	1	2	3	4	5
1	The intensity of competition between enterprises.					
2.	The degree of the buyer's control (the seller/the customer)					
3.	The degree of the buyer's control(Shoe shop owner)					
4.	Threat of having an alternative commodity.					
5.	Threat of having new competitors in leather and shoes sectors					

Part III: Enterprise' Competitive Feature using Balanced Performance Measurement Card.

It can be defined as: (an administrative system aims to help the enterprise to translate its vision and strategy into a group of interconnected and strategic objectives and measures". The financial report is no longer representing the only method through which companies can evaluate its activities and draw its future endeavors. (Kaplan and Norton, 1992). They are represented in (4) dimensions:

1. First: "Financial Dimension" how do we look at the shareholders?

2. Second: "Clients Dimension" How do the clients look at us?

3. Third: "Dimension of Internal operations" What is the field that we need to excel in?

4. Fourth Dimension:"Growth and Learning Dimension" Can we continue improvement and create values?

How do you evaluate the following elements, which are relevant to the specification of the competitive feature in your enterprise

Please answer the following questions by ticking (/) the correct box based on your view point

#	Statement	To a very large extent	To a large extent	Somewhat	To a small extent	To a very small extent
BSC1: "Financial Dimension": How to measure success by the shareholders						
BSC1.1	I notice a notable increase in revenues compared with the investment size.					
BSC1.2	Generally, there is an improvement in revenues.					
BSC1.3	There is a remarkable increase in operating profits.					
BSC1.4	There is a noticeable decrease in production costs.					
BSC1.5	There is an improvement in profitability.					
BSC2: The relationships between the customers, including the creation of a value for customers.						
BSC2.1	The customer's control over the commodity is high..					
BSC2.2	There exists a control of the supplier.					
BSC2.3	A threat of having new competitors.					
BSC2.4	Your share of leather and shoes in the local market is high.					
BSC2.5	The customer is satisfied by your products.					
BSC2.6	The quantity you export is high.					
BSC2.7	There is a threat on entering new alternative products (imported shoes)					

BSC3: Internal operations which include internal processes to fulfill customers and shareholders expectations						
BSC3.1	There is an improvement in research, development, and innovation.					
BSC3.2	There is an improvement in employees and workers productivity.					
BSC3.3	It is possible to keep the professionals in the company.					
BSC3.4	Employees enjoy employment satisfaction					
BSC4: Growth and Leaning: It includes employees' abilities and information sufficiency in the company, in addition to the improvement of operations and the relationship with suppliers and customers.						
BSC4.1	The period you need to introduce new products is long.					
BSC4.2	The percentage of introducing new products and items from the total products					
BSC4.3	Improvements and additions conducted by employees are plenty.					

Part VI:: Benefits and Results of Clustering

A. Do you participate in clustering activities of shoes and leather sector? join in its activities? ☐ Yes ☐ No

If your answer is yes, why are you participating: (*you can choose more than one option)*.

B. ☐ **To benefit from capacity-building program.(**updating HR features, improve technical and productive capacity, and the level of performance at work).

C. ☐ To enter new markets ( )

D. ☐ To network and build relations ( )

E. ☐ Support and Solidarity ( ) (Creating economic solidarity tools targeting influence and awareness of economic rights).

F. ☐ To improve the production and quality ( )

G. ☐Research and development ( )

H. ☐ To market and sell the products (through selling products of registered companies Hebron employment Complex)

I. ☐ To increase sales from export

J. ☐ To reduce production costs

K. ☐ To improve the competitiveness of your company

L. ☐Other reasons ---.

If your answer is No, Why are you not involved? : (*you can choose more than one choice***)**

M. ☐ Because I do not know about cluster's activities.

N. ☐ I do not find any benefit to participate.

O. ☐ I prefer to work alone rather than in a cluster

P. ☐Other reasons……………………………………

- **In your opinion, clustering helps the enterprise to:**

#	The statement	Always	Very Often	Sometimes	Rarely	Never
1.	Reduce the cost of the product.					
2.	Improve the quality of service/product.					
3.	Facilitate reaching new suppliers.					
4.	Facilitate reaching new customers.					
5.	A defense device against competitors.					
6.	Enter new markets.					
7.	Increase flexibility.					
8.	Enable creation at the enterprise.					
9.	Create job opportunities in the enterprise.					
10	Improve the image of the enterprise.					
11	Solve problems represented in the lack of resources, research, and development.					
12	Increase productivity.					
13	Facilitate obtaining productive input.					
14	Reduce costs of transactions.					
15	Reduce costs of raw material transportation.					
16	Reduce stocks costs					
17	Increase the market share.					
18	Improve your ability to develop new products.					
19	Reduce unemployment rates and limit poverty.					
20	Increase competitiveness of the domestic economy.					

Part V: Mechanism of work of Clustering.

To consolidate and empower your enterprise, do you currently perform the followingactivities:

Q. □ Exchange information and acquire knowledge.

R. □ Reach to new demanding markets.

S. □ Marketing and joint communications.

T. □ Institutional connection and partnerships.

V. □ Reach (research, technological development, innovation and equipment)

W. □ Exchange support services (training, procurements, consultancy services, quality)

X. □ All of the above:

Y. □ Other, please specify: ---.

Part VI: General information:

1. What is the legal nature of your enterprise?

□ Individual □ joint venture □ limited liability □ others, specify ....

2. What is the type of your enterprise?

□ Family-owned □ Non-Family owned

3. The is your type of business:

□ Tanneries □ Shoes raw materials supplies □ Designer □Manufacturer □Market

4. Are you a member of the Chamber of Commerce:□ Yes □No

5. Are a member of Leather and Shoes Union: - □ Yes - □ No

6. **Total number of employees: ____________________**

7. **Year of Establishment: ________________________**

6. Enterprise' Location:

□ City □ Village □ Industrial Zone

9. Enterprise' age: --.

10. Director's years of experience: ....

Part VII: Questionnaire Evaluation

#	The statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
7.1	The questionnaire is clear and direct.					
7.2	The objective of the questionnaire is clear and the question reflects the objectives.					
7.3	The questions are different.					
7.4	The questions are logical and organized.					
7.5	The questions are boring and too long.					
7.6	The questions are repeated.					

7.7. Which questions of were unclear and ambiguous: -----------------

1.8. How much time you spent to fill in the questionnaire:

1. □ Less than 10 minutes 2. □ (10-15) minutes 3. □ more than 15 minutes

1.9.I see the design of the questionnaire is helpful to answer all questions easily:

□ Yes □ No

7.10 . If the answer is no, what do you suggest? -- ---

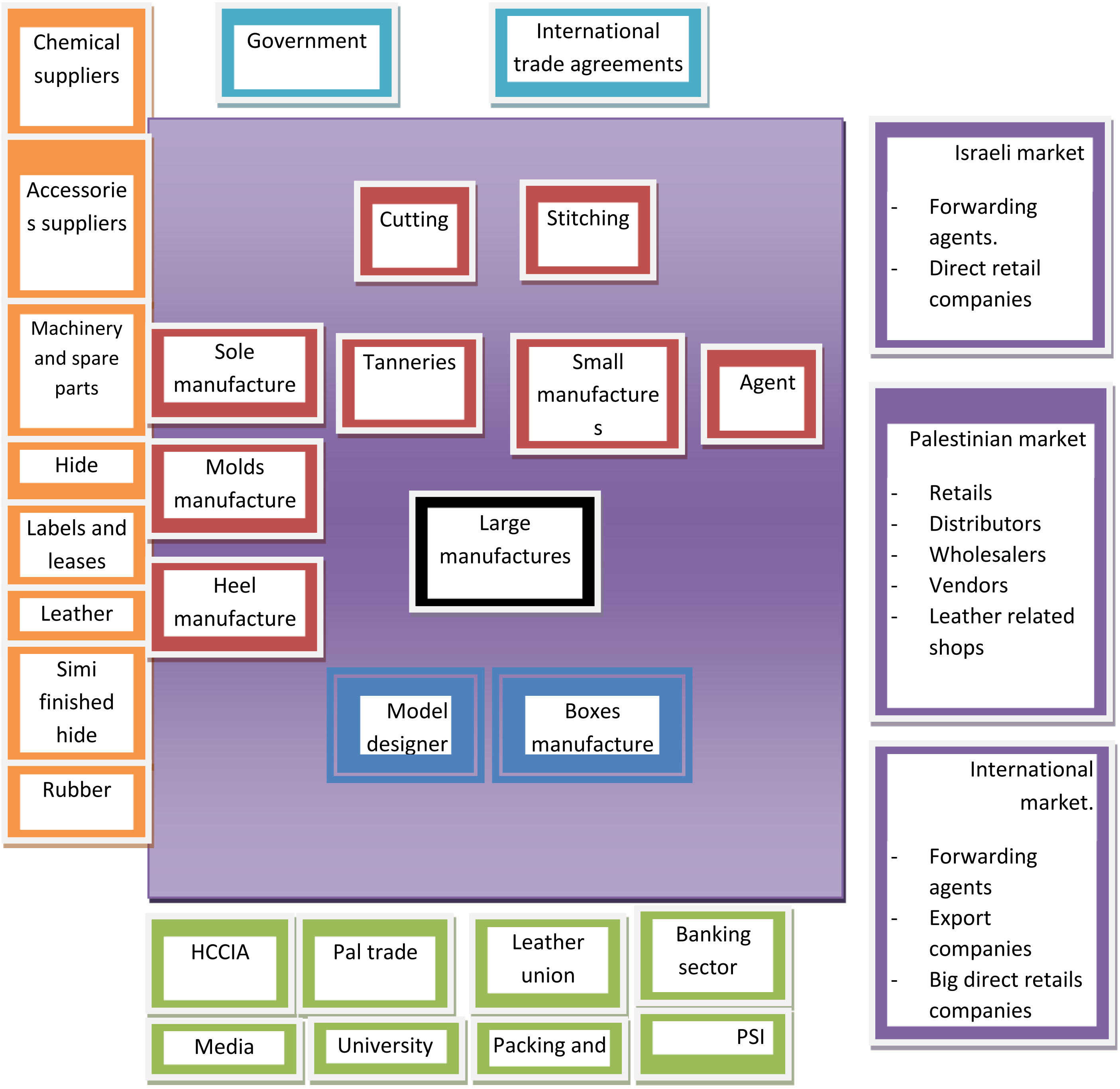
Dear Participants,

We thank you for your time completing this questionnaire.

A-3. Arbitrators Sheet :

#	Name	Position	Phone	Email
1.	Ibrahim M. Awad. PH.D.	PH.D. Association prof in Economics and Econometrics Vice Dean Faculty of Economics and Business	00972 (0) 599 707 737	iawad00@gmail.com
2.	Suhail Sultan. PH.D.	Expert in Clusters	0599653536	suhails@met.gov.ps
3.	Dr. Azmi Alatrash	Director of the Institute of Sustainable Development	0597669900	azmialatrash@yahoo.com
4.	Ms.Hanan Abu- Irmaileh	National Expert &BDS Consultant	0599364588	hanan@windows-business.com
5.	Dr. Abd alwahab alsabagh	Lecture in alquds university	0599329055	wahhabsmz@gmail.com
6.	Dr.Mohhamad awwad	Lecture in alquds university	0595941409	msmawad_2008@yahoo.com

A-4.Suggested Leather and Shoes Clustering Model "Cluster MAP".



(LSCM, 2015)

A-5. The total population includes the SMEs which are producing the shoes and leather sector in Hebron city

#	Organization Name	Economic Activity	Street	Mobile
.1	Abd Alraoof Shoes Workshop	Manufacture of parts of footwear	Abu ktyla	0595783484
.2	Ahusam Shoes	Manufacture of parts of footwear	Abu ktyla	0592760078
.3	Ammar Shoes	Manufacture of parts of footwear	Abu ktyla	0598301467
.4	Pal Shoes for Industry Shoes	Manufacture of parts of footwear	Abu ktyla	0599870028
.5	Qafesheh For Shose	Manufacture of parts of footwear	Abu ktyla	0599710473
.6	Rami Alzoghayyer for Shoes Manufacturing	Manufacture of parts of footwear	Abu ktyla	0599250166
.7	Golf & Horse Shoes Industrial Company	Manufacture of footwear	Abu ktyla	0599206158
.8	Al-Busheer Trade & Importing Company	Wholesale trade services of footwear	Abu ktyla	0599253228
.9	Alkaramah for Trading Shoes Store	Wholesale trade services of footwear	Abu ktyla	0599361967
.10	Plaza Al Hadetha for Trade and Investment Co.	Wholesale trade services of hides, skins, and leather	Al Basah	0599350222
.11	Alneel Shose	Manufacture of parts of footwear	Aladel Street	0599265493
.12	Khalid Abu-Sharkh Fashion	Retail trade services of footwear	aldahria	0598151539
.13	Pama Forza Inv. Co	Manufacture of footwear	Aldohdah	0599340590
.14	Abdul-Ghanie Siaj For Shoes Manufacturing	Manufacture of parts of footwear	Alhaouz	0599314791
.15	Ayman & Khairi Partenership	Manufacture of parts of footwear	Alhaouz	0599228084
.16	Basem Abu-Qwaider Shop	Manufacture of parts of footwear	Alhaouz	
.17	Best Shoes	Manufacture of parts of footwear	Alhaouz	0599291333
.18	Ghassan Al-Shwaikie For Shoes Sewing	Manufacture of parts of footwear	Alhaouz	0595012317
.19	Omer Muhmoud Al-Ju'abree For Shoes Manufacturing	Manufacture of parts of footwear	alhaouz	0599991822
.20	Sameer for Shoes Workshop	Manufacture of parts of footwear	alhaouz	0599812117
.21	Fudel Abushameh for Shoes Manufacturing Workshop	Manufacture of footwear	Alhaouz	0599889511
.22	Maher Shwaiki for Shoes Sewing Factory	Manufacture of footwear	alhaouz	0599127960
.23	Rocca Company for Industry & Trade	Manufacture of footwear	alhaouz	0569642844
.24	Gentle Shoe and General Trading Co.	Wholesale trade services of footwear	alhaouz	0599214242
.25	Abu-Eishe For Selling Leathers &Shoes Requirements	Wholesale trade services of hides, skins, and leather	alhaouz	0599224013
.26	Al Zahed Co. for Leather & Fabric Trading	Wholesale trade services of hides, skins, and leather	alhaouz	0599999566
.27	Niroukh Trading Stores	Wholesale trade services of hides, skins, and leather	alhaouz	0599210097
.28	Qafesheh Shoes supplies Stores	Wholesale trade services of hides, skins, and leather	alhaouz	0599796775
.29	Al-Woroud For Shoes Manufacturing	Manufacture of parts of footwear	Alhaouz Althanee	0599399115
.30	Ashraf Shoes Workshop	Manufacture of parts of footwear	Alhaouz Althanee	0599459870
.31	Sami & Yaser Alhaddad for Shoes Industry Workshop	Manufacture of parts of footwear	Alhaouz Althanee	0599109520
.32	Al-Zaghal Investment & Industrial Group	Manufacture of footwear	Alhaouz Althanee	0599357347
.33	Company Max New industrial investment	Manufacture of footwear	Alhaouz Althanee	0599098355
.34	New Tossette Shoes Company Ltd.	Manufacture of footwear	Alhaouz Althanee	0599357160
.35	Terano Factory for Shoes Co.	Manufacture of footwear	Alhaouz Althanee	0599392847
.36	Aljazeera Shoes Enterprise'	Wholesale trade services of footwear	Alhaouz Althanee	0599939535
.37	Altaweel For	Wholesale trade services of footwear	Alhaouz Althanee	0598597993
.38	Emarat Market Trading Co	Wholesale trade services of footwear	Alhaouz Althanee	0599787328
.39	Samooh Company For Shoes Trade & Manufacuing	Wholesale trade services of footwear	Alhaouz Althanee	0599371991
.40	Touleen Bader Shoes Store	Wholesale trade services of footwear	Alhaouz Althanee	0599585233

.41	Sa'edaldeen Neiroukh & Sons For Shoes Manufacturing Company	Wholesale trade services of hides, skins, and leather	Alhaouz Althanee	0599250171
.42	Joulani ind and Trading Stores	Manufacture of parts of footwear	Alharas	0599380388
.43	Amera Shoes Exhibition	Retail trade services of footwear	Alharas	0597642000
.44	Shoes Workshop	Manufacture of parts of footwear	alhouz	0599559032
.45	Abdelkareem Joubeh For Shoes Manufactring &Trade Workshop	Manufacture of parts of footwear	Aljaladeh	0592113388
.46	Al-Okhowa Shoes Workshop	Manufacture of parts of footwear	Aljaladeh	0592793784
.47	Bembo Shoes Partnership	Manufacture of parts of footwear	Aljaladeh	0597581496
.48	Razan Workshop For Shoes Manufactrring	Manufacture of parts of footwear	Aljaladeh	0599730590
.49	Tawfeq Skafi For Shoes Manufacturing	Manufacture of parts of footwear	Aljaladeh	0598151930
.50	Yourk Company For Trading & Investetment	Manufacture of parts of footwear	Aljaladeh	0599300027
.51	Dream Comfort Co.Shoes Industry	Manufacture of footwear	Aljaladeh	0569442222
.52	Mera Shoes Workshop	Manufacture of footwear	Aljaladeh	0599380761
.53	Mamdouh Jubeh For Shoes	Retail trade services of footwear	Aljaladeh	0599648853
.54	Al-Karake Shoes Manufacturing	Wholesale trade services of footwear	Aljaladeh	0599639114
.55	Al-Natsheh Shoes	Wholesale trade services of footwear	Aljaladeh	0599254612
.56	Mazen Nieroukh & Sons Industry & Trade Of Shoes Co.	Wholesale trade services of footwear	Aljaladeh	0599250172
.57	Nadkire Industrial Commercial Company for Shoes	Wholesale trade services of footwear	Aljaladeh	0599040592
.58	New Evarest for Marketing & Investment	Wholesale trade services of footwear	Aljaladeh	0599676069
.59	Prince Trading & Importing Modern Company	Wholesale trade services of footwear	Aljaladeh	0569560560
.60	Italian Firms International Trading	Wholesale trade services of hides, skins, and leather	Aljaladeh	0597111999
.61	Amer & Moh'd Bader Partnership Nabolex	Manufacture of parts of footwear	Alkarantena	0595359995
.62	Sintyan For Shoes Manufacturing	Manufacture of parts of footwear	Alkarmel	0599333729
.63	Workshop Shoes Monther A.Dofesh	Manufacture of parts of footwear	Alkarmel	0599365762
.64	Al-Khayaleh Shoes	Wholesale trade services of footwear	Almadena almonawarh	0599524071
.65	firma for shoes trading	Wholesale trade services of footwear	Almahawer	0598090561
.66	Ahmad Aldahnoos Shoes Workshop	Manufacture of parts of footwear	Almalek Fisal Street	0599659875
.67	Nabeel Fareed Kostero Industry & Shoe Trade	Manufacture of footwear	Almalek Fisal Street	0599432790
.68	Almadbouh Shoes	Retail trade services of footwear	Almalek Fisal Street	0568575753
.69	Afif Abu Hammad Factory	Manufacture of parts of footwear	Almantiqa Alsynay'a	0599257715
.70	Ameer.Kh.Al-Ajlouni Trade of Shoes	Manufacture of parts of footwear	Almantiqa Alsynay'a	0597223318
.71	Ra'afat Al-Ajlouni Workshop	Manufacture of parts of footwear	Almantiqa Alsynay'a	0599566600
.72	Paris Tower Co for Shoes Making	Manufacture of footwear	Almantiqa Alsynay'a	0599678192
.73	Yomax Co.Import Shoes & Materials	Manufacture of footwear	Almantiqa Alsynay'a	0599764130
.74	A.B.H Company for Tanning Leather	Production of tanned leather	Almantiqa Alsynay'a	0599296441
.75	Al-Ameer Tanning Company	Production of tanned leather	Almantiqa Alsynay'a	0599813899
.76	Al-Etthad Co. for Tanning Leather & Orthopadic Shoes	Production of tanned leather	Almantiqa Alsynay'a	0599255612
.77	Al-Tawfeeq Leathers Tanning Company	Production of tanned leather	Almantiqa Alsynay'a	0599255611
.78	Brother Trading and Tanning and Shoes Company	Production of tanned leather	Almantiqa Alsynay'a	0599388369
.79	Hebron Leather Tanning Fact	Production of tanned leather	Almantiqa Alsynay'a	0599208196
.80	Modern Tannery Co. LTD	Production of tanned leather	Almantiqa Alsynay'a	0599354218
.81	Palestine tanning factory	Production of tanned leather	Almantiqa Alsynay'a	0599795553
.82	Stars Shoes	Manufacture of parts of footwear	Daimond harqa alfoqa	0599414305
.83	Mazda Shoes Workshop	Manufacture of footwear	Daimond harqa alfoqa	0599252060
.84	Ishaq Ghaith Partnership	Manufacture of parts of footwear	Daimond harqa tahta	0598917908
.85	Mohammad Deeb Al-Ju'bie For Shoes Manufacturing	Manufacture of parts of footwear	Almazrouq	0598901590
.86	Red Flower Shoes	Manufacture of parts of footwear	Alsalam Street	0599253229

.87	Abdeljabbar Zughayer Shoes Workshop	Manufacture of parts of footwear	Alsalam Street	0599879565
.88	Almond Shose Workshop	Manufacture of parts of footwear	Alsalam Street	0599363599
.89	Alqamar for Manufacturing Shose Partnership	Manufacture of parts of footwear	Alsalam Street	0599395248
.90	Al-Sullam Shoes Workshop	Manufacture of parts of footwear	Alsalam Street	0599660601
.91	Hamees Shoes	Manufacture of parts of footwear	Alsalam Street	0599796435
.92	Shahir Al-Dweik For Shoes Manufacturing	Manufacture of parts of footwear	Alsalam Street	0599373603
.93	Wisam For Shoes Manufacturing	Manufacture of parts of footwear	Alsalam Street	0599639330
.94	Dweik Shoes Factory	Manufacture of footwear	Alsalam Street	0599795586
.95	Oskar Shoes Factory	Manufacture of footwear	Alsalam Street	0599577333
.96	Prima Industrial & Trading Co	Manufacture of footwear	Alsalam Street	0599313330
.97	Reem Sport Shoes Company	Manufacture of footwear	Alsalam Street	0599997788
.98	Tera for leather shoes Industry	Manufacture of footwear	Alsalam Street	0599227553
.99	Tossetti Shoes Copmany Ltd.	Manufacture of footwear	Alsalam Street	0599678777
.100	Yusri and Yaser Shawar Partnership	Manufacture of footwear	Alsalam Street	0599638212
.101	Ewiwi Stores	Retail trade services of footwear	Alsalam Street	0598552708
.102	Ador Global Agens	Wholesale trade services of footwear	Alsalam Street	0599522970
.103	Golden Shoes Exhibition	Wholesale trade services of footwear	Alsalam Street	0599706632
.104	Golden Star Workshop	Wholesale trade services of footwear	Alsalam Street	0599366767
.105	Hazem Abdeen Shoes Trading Stores	Wholesale trade services of footwear	Alsalam Street	0599353940
.106	Talya Investment Company	Wholesale trade services of footwear	Alsalam Street	0595574276
.107	Tango Shoes Stores	Wholesale trade services of footwear	Alsalam Street	0599087666
.108	Arafeh Trade Partenership	Wholesale trade services of hides, skins, and leather	Alsalam Street	0599757838
.109	Firas Operator Of Shoes	Manufacture of parts of footwear	Alsha'abeh	0599154127
.110	Khalid Shoes Workshop	Manufacture of footwear	Alsha'abeh	0599893153
.111	Rose Comfort Company for the Manufacture & Trade Shose	Manufacture of footwear	Alsha'abeh	0599816472
.112	Tulina Manufacturing & Training Shoes Co.	Manufacture of footwear	Alsha'abeh	0599415629
.113	Wael Workshop For Shoes Manufacturing	Manufacture of footwear	Alsha'abeh	0599264990
.114	Fares Al-Natsheh For Shoes Sewing	Manufacture of parts of footwear	Alshalaleh	0597772011
.115	Al-Tajj Fashion Exhibition	Retail trade services of footwear	Alshalaleh	0569414228
.116	Fares Shoes Exhibition	Retail trade services of footwear	Alshalaleh	0599379881
.117	Shareef Abdeen For Galary	Retail trade services of footwear	Alshalaleh	0597594500
.118	Alhadad for sewing shoes	Manufacture of parts of footwear	Alzahed	0597178613
.119	Al-Natshie Shoes Factory	Manufacture of parts of footwear	Alzahed	
.120	D and K Shoes Co.	Manufacture of parts of footwear	Alzahed	0598999381
.121	Faraj ALnatsheh Shoes Workshop	Manufacture of parts of footwear	Alzahed	0599676773
.122	Rest shoes	Manufacture of parts of footwear	Alzahed	0599676604
.123	Alraneen Company for commerce and investment	Manufacture of footwear	aqabet tafouh	0599316156
.124	Salah Trade Shose Stores	Wholesale trade services of footwear	aqabet tafouh	0569300911
.125	Alzatari Shoes	Manufacture of parts of footwear	Bab alzawya	0598757422
.126	Al-Anwar Shoes Exhibition	Retail trade services of footwear	Bab alzawya	0599278762
.127	Ja'far For Shoes Manufacturing	Retail trade services of footwear	Bab alzawya	0599380399
.128	Lara Shoes	Retail trade services of footwear	Bab alzawya	0599872993
.129	Red Line Shoes	Retail trade services of footwear	Bab alzawya	0599555729
.130	Al-Oweiwi For Selling Leathers	Wholesale trade services of hides, skins, and leather	Bab alzawya	0599756216
.131	Salem Shoes Supplies Manufacturing & Trade Workshop	Wholesale trade services of hides, skins, and leather	Bab alzawya	0598574444
.132	Denlop Shoes Manufacturing	Manufacture of footwear	banisleem	0598112547
.133	Alqawasmah For Shoes	Manufacture of parts of footwear	Ber Almahjar	0599098000

.134	Ridco Producing Trading Investment Co.Ltd	Manufacture of footwear	Ber Almahjar	0599203642
.135	Mas Exhibition for Shose	Wholesale trade services of footwear	Ber Almahjar	0599829112
.136	Yaghmour Establishment	Wholesale trade services of footwear	Ber Almahjar	0599154265
.137	Bader For Shoes Sewing	Manufacture of parts of footwear	ber Alsaba'a	0599722719
.138	First Shoes Company	Manufacture of parts of footwear	Ber haram alrameh	0599944414
.139	Dolphin Shoes Partnership	Manufacture of footwear	Ber haram alrameh	0599767657
.140	Naji Qawasma Shoes Factory	Manufacture of footwear	Ber haram alrameh	0599210970
.141	Dreem Shose Manufactiring	Manufacture of parts of footwear	Bet enoun	0599135861
.142	Mora Shoes	Manufacture of parts of footwear	Bet enoun	0598306055
.143	Al-Rajih Company For Shoes Sewing & Manufacturing	Manufacture of parts of footwear	Dahet Alaytoon	0597261017
.144	Al-Eva Shoes Co	Manufacture of footwear	dahet iskan albaladeh	0599283206
.145	Best Shoes for Manufacturing of shoes Co	Manufacture of footwear	dahet iskan albaladeh	0599989640
.146	D Nine for Trading & Industrial Shoes	Manufacture of footwear	dahet iskan albaladeh	0599340607
.147	Fathi Syaj Partnership	Manufacture of footwear	dahet iskan albaladeh	0599580570
.148	New Style Cmpany for Shoes Manufacturing & Trade	Manufacture of footwear	dahet iskan albaladeh	0599889686
.149	Rali Shoes Factory	Manufacture of footwear	dahet iskan albaladeh	0599672773
.150	al zaroo goods	Wholesale trade services of footwear	Dahyet alzaytoon	0598048228
.151	Almadbouh shoes for Trade & Industry Partnership	Wholesale trade services of footwear	Dahyet alzaytoon	0599736911
.152	Ishrem Shoes Manufacturing Smart	Manufacture of parts of footwear	Dowar almanarah	0599368709
.153	Amer M.N.A Sharawi Shope	Retail trade services of footwear	Dwar almanarah	0599759131
.154	Max Man - Syaj Ikhwan Exhibition	Retail trade services of footwear	Dwar almanarah	0599945000
.155	Abdeen Shose	Retail trade services of footwear	Dwar ebin rushd	0599301128
.156	Shoes Exhibition Zughayyer	Retail trade services of footwear	Dwar ebin rushd	0599306077
.157	D.L Shose Factory	Manufacture of parts of footwear	Dwerban	0599213771
.158	Ibrahem & Naser Nairukh Partnership	Manufacture of parts of footwear	Ein arab	0599360596
.159	Furaj Al-Huddad For Sewing Shoes	Manufacture of parts of footwear	Ein sarah	0599662602
.160	Eiffel Shoes Exhibition	Retail trade services of footwear	Ein sarah	0598514143
.161	Red Shoes Exhbition	Retail trade services of footwear	Ein sarah	0595851117
.162	Hakam trade clothing & shoes Stores	Wholesale trade services of footwear	Ein sarah	0599214242
.163	Manager 55 For Trade & Investatment Company	Wholesale trade services of footwear	Ein sarah	0569665512
.164	Sharawi Trading Stores	Wholesale trade services of footwear	Ein sarah	0599452452
.165	Al-Dahnous for Shoes Workshop	Manufacture of parts of footwear	Em Aldalya	0598999372
.166	Sadaka Shoes	Manufacture of parts of footwear	Em Aldalya	0597132010
.167	Abuqwaider Shoes Workshop	Manufacture of footwear	Em Aldalya	0597522900
.168	Style Shoes	Manufacture of footwear	Em Aldalya	0599428424
.169	Yunes Abu Snineh Industry & Trade Shoes	Wholesale trade services of footwear	Em Aldalya	0599552362
.170	Al-Remas for Shose Industry Co.	Manufacture of footwear	farsh alhawa	0597671919
.171	Modern Shoes Workshop	Manufacture of footwear	farsh alhawa	0599211811
.172	Arkoma Estebleshment for General Trade	Wholesale trade services of footwear	farsh alhawa	0599259540
.173	Mahmoud H.Qawasmeh For Shoes	Manufacture of parts of footwear	Hai aljamea	0599393390
.174	Abu Al-Dabaat Shoes Company	Manufacture of footwear	Hai aljamea	0599314382
.175	Al-Rimah Daimond ieh Company	Manufacture of footwear	Hai aljamea	0599797959
.176	Basil Shoes Factory	Manufacture of footwear	Hai aljamea	0599755617
.177	Hashim Al -Qawasmi For Shoes Manufacturing	Manufacture of footwear	Hai aljamea	0599353829
.178	Tiger 2000 Shoes Factory	Manufacture of footwear	Hai aljamea	0599798125
.179	Roval Co. for Shoes Making	Wholesale trade services of footwear	Hai aljamea	0599830018
.180	Alnahda Manufacturing Shoes Co.	Manufacture of footwear	haret aljabreh	0592225588

.181	Abu Odeh Workshop for Shoes	Manufacture of parts of footwear	Haret Jaber	0598017083
.182	Fuad Al-Atrash Shoes Exhibition	Manufacture of parts of footwear	Haret qeton	0598246364
.183	Hamdi Obeado Manufacturing	Manufacture of parts of footwear	Haret qeton	0599469676
.184	Khaled Abuesnaineh For Shoes	Manufacture of parts of footwear	Haret qeton	0597571756
.185	Maher Aljamal Shoes Workshop	Manufacture of parts of footwear	Haret qeton	0597345727
.186	Nidal Obeado Shoes Workshop	Manufacture of parts of footwear	Haret qeton	0599271625
.187	Beza Shoes	Manufacture of footwear	Haret qeton	0599845090
.188	Talal Dawoud Shoes Industry Workshop	Manufacture of footwear	Haret qeton	0599998859
.189	Faisal Shoes Workshop	Manufacture of parts of footwear	Harit alakrad	0599943566
.190	Abdelkareem Jabari Shoes WorkShop OMX	Manufacture of parts of footwear	Harit Alsheekh	0598302726
.191	Abdul-Jabbar Al-Madboh Shoes Manufacturing	Manufacture of parts of footwear	Harit Alsheekh	0599132305
.192	Al-Manar For Shoes Manufacturing	Manufacture of parts of footwear	Harit Alsheekh	0569220709
.193	Alzatari Shoes Workshop	Manufacture of parts of footwear	Harit Alsheekh	0599230335
.194	Besan For Shose	Manufacture of parts of footwear	Harit Alsheekh	0598418252
.195	Replace Hani shoes	Manufacture of parts of footwear	Harit Alsheekh	0599308210
.196	Sondous Shoes Workshop	Manufacture of parts of footwear	Harit Alsheekh	0599439897
.197	Al-Faraj Factory for Shoes	Manufacture of footwear	Harit Alsheekh	0598054598
.198	Naya Shoes Workshop	Manufacture of footwear	Harit Alsheekh	0598183336
.199	Rando Shoes Workshop	Manufacture of footwear	Harit Alsheekh	0599676772
.200	Yaghmor Shoes Store	Manufacture of footwear	Harit Alsheekh	0599229549
.201	Emraish Partnership for General Trading and shoes	Wholesale trade services of hides, skins, and leather	Harit Alsheekh	0599713939
.202	Nabeel Shoes	Wholesale trade services of hides, skins, and leather	Harit Alsheekh	0599380464
.203	Abuomar Shoes Factory	Manufacture of parts of footwear	Issa	0599824491
.204	Alahlia Shoes	Manufacture of parts of footwear	Issa	0599781111
.205	Bor Shose Partenership	Manufacture of parts of footwear	Issa	0599744399
.206	Faisal Aljoubeh Shoes Workshop	Manufacture of parts of footwear	Issa	0599287460
.207	Mazika Shose Factory	Manufacture of parts of footwear	Issa	0598600979
.208	Wales For industry and trade and sewing shoes Workshops	Manufacture of parts of footwear	Issa	0598870013
.209	Al-Fo'ad For Shoes Trade	Manufacture of footwear	Issa	0599938581
.210	Al-Ju'beh Shoes Workshop	Manufacture of footwear	Issa	0597672121
.211	Al-Sudaqa Shoes Manufacturing Company	Manufacture of footwear	Issa	0599250159
.212	Dena Shoes	Manufacture of footwear	Issa	0598795604
.213	Donna Tella Shoes Company	Manufacture of footwear	Issa	0599361666
.214	Fox Shose	Manufacture of footwear	Issa	0598484444
.215	Jubeh & Shanteer Shoes Workshop	Manufacture of footwear	Issa	0595074732
.216	Nour Shose	Manufacture of footwear	Issa	0598351389
.217	United Chemicals Co	Wholesale trade services of footwear	Issa	0599206025
.218	Abuaishah for Shoes Manufacturing	Manufacture of parts of footwear	Jabal Aburoman	0599870296
.219	Polo Shoes Exhibition	Manufacture of parts of footwear	Jabal Aburoman	0599269405
.220	Nizam Bader for Shoes Trading Stores	Wholesale trade services of footwear	Jabal Aburoman	0568420428
.221	Osam F.Abueishaeh shop For Clothes&Shose	Wholesale trade services of footwear	Jabal Aburoman	0599256264
.222	Al-Waleed Shoes Factory	Manufacture of parts of footwear	Jabal Alrahmeh	0599700143
.223	Dana For Shose	Manufacture of parts of footwear	Jabal Alrahmeh	0599150809
.224	New Milanco Investment & Marketing Co.	Manufacture of parts of footwear	Jabal Alrahmeh	0599700580
.225	Softshoes Shoes factory	Manufacture of parts of footwear	Jabal Alrahmeh	0598930444
.226	Spark Shoes	Manufacture of parts of footwear	Jabal Alrahmeh	0599647663
.227	Roma Shoes Factory Co	Manufacture of footwear	Jabal Alrahmeh	0599279525

.228	Swar Shoes Workshop	Manufacture of footwear	Jabal Alrahmeh	0599232490
.229	Eid abuqwaider shoes Workshop	Manufacture of parts of footwear	Jabal Alshareef	0598582518
.230	Shareefco Co.	Manufacture of footwear	Jabal Alshareef	0599252599
.231	Sodki Abu-Rujab Shoes Workshop	Manufacture of footwear	Jabal Alshareef	0599943181
.232	Al Ajlouni for Shoes Company	Manufacture of parts of footwear	Jabal johar	0599217888
.233	Furhan Abu-Rujab For Shoes Manufacturing	Manufacture of parts of footwear	Jabal johar	0598912800
.234	Helmi Alrajabi Sewing Shoes Workshop	Manufacture of parts of footwear	Jabal johar	0599101027
.235	Lady Shoes Workshop	Manufacture of parts of footwear	Jabal johar	0598301465
.236	Marwan Abu-Kweder Factory For Shoes	Manufacture of parts of footwear	Jabal johar	0598921119
.237	Mohamad Sadeq Mohtasb For Shoes Manufacturing	Manufacture of parts of footwear	Jabal johar	0599478875
.238	Osameh Burqan For Shoes Manufacturing	Manufacture of parts of footwear	Jabal johar	0599828963
.239	Paradise Shoes Factory	Manufacture of parts of footwear	Jabal johar	0598912804
.240	Partnership of Osama Abu Quaider & Brothers Industry & Trade Shoes (Zamsh)	Manufacture of parts of footwear	Jabal johar	0597160005
.241	Rami Shoes Workshop	Manufacture of parts of footwear	Jabal johar	0597216241
.242	Samer Abuqwaider Shoes Workshop	Manufacture of parts of footwear	Jabal johar	0598901418
.243	Maharmeh Workshop for Shoes	Manufacture of footwear	Jabal johar	0598390668
.244	Shoes Mohammed Talab Dana	Manufacture of footwear	Jabal johar	0599559029
.245	Maharmah Commercial Co.	Wholesale trade services of footwear	Jabal johar	0599261193
.246	Rose Marin Workshop	Manufacture of parts of footwear	khalet abumajnoneh	0599327696
.247	jamel alfalah & Mansour Zoughair Partnership	Manufacture of footwear	Khalet AlMagharbeh	0599643713
.248	Al Salam For Shoes Manufacturing	Manufacture of parts of footwear	Khalet Hadour	0598516911
.249	Jabari Shoes Workshop	Manufacture of parts of footwear	Khalet Hadour	0599261244
.250	Back Fire Shoes Company.Ltd	Manufacture of footwear	Khalet Hadour	0599039848
.251	Gold Black Munufacturing Shoes	Manufacture of footwear	Khalet Hadour	0599388469
.252	Style Factory	Manufacture of footwear	Khalet Hadour	0599672744
.253	Exelant Shoes	Manufacture of parts of footwear	Mfraq Saheb	0599253282
.254	Mahmoud Skafi Shose Workshop	Manufacture of parts of footwear	Mrabaet sbta	0599990294
.255	Shahrazad Shoes Exhibition	Retail trade services of footwear	Mrabaet sbta	0569657926
.256	Nour Eldein Neiroukh Company for Trading & Investment	Wholesale trade services of hides, skins, and leather	Mrabaet sbta	0599657020
.257	Venesia Decoration Co.	Design activties	Nimra	0599844314
.258	Mohammad Saeed Al-Jabari For Shose	Manufacture of parts of footwear	Nimra	0597470139
.259	Nader Shoes	Manufacture of parts of footwear	Nimra	0599149872
.260	The Hock Factory for Shoes	Manufacture of parts of footwear	Nimra	0597530924
.261	Nabeel Shoes Industry & Trading Co	Manufacture of footwear	Nimra	0599261506
.262	Yehya Yaghmor Shoes	Manufacture of footwear	Nimra	0599811712
.263	Al-Badawi For Leathertaning & Shoe Making Factory	Production of tanned leather	Nimra	0599830534
.264	Dubai For General Trading Estibleshment	Retail trade services of footwear	Nimra	0599211960
.265	Tureno Shoes	Manufacture of footwear	qarn althour	0599707636
.266	A.M.Y Group Company	Wholesale trade services of footwear	qarn althour	0599250402
.267	Step By Step For Trade Sheos Co	Wholesale trade services of footwear	qarn althour	0599377167
.268	Abdul-Hadi Al-Ajouli For Shoes Manufacturing	Manufacture of parts of footwear	Qezoon	0599535140
.269	Essam Al-Hadad for Shose Workshop	Manufacture of parts of footwear	Qryat Arba'a	0598991941
.270	Hamoudeh for Shoes Manufacture	Manufacture of footwear	Qryat Arba'a	0598568588
.271	Abdul-Allah Al-Qawasmi For Sewing	Manufacture of parts of footwear	Ras Aljora	0598199043
.272	Alosra Shoes Factory	Manufacture of parts of footwear	Ras Aljora	0599368650
.273	Gazella for Trading & Investment Co.	Manufacture of parts of footwear	Ras Aljora	0599276329
.274	Ibrahim Al-Ju'abree For Shoes Manufacturing	Manufacture of parts of footwear	Ras Aljora	0599606346

.275	Abdelazeem A.Zarou For The Sale & Manufacturing Of shoes	Manufacture of footwear	Ras Aljora	0599890148
.276	Al-Nazer Shoes & leather Trade Stores	Retail trade services of footwear	Ras Aljora	0599200567
.277	Yaseen Dana Workshop	Manufacture of parts of footwear	sinjer	0599362327
.278	Bunto Blue for Shoes Industry	Manufacture of footwear	sinjer	0599267722
.279	Modern Comfort	Manufacture of footwear	sinjer	0598116952
.280	Sun Time for Industry And Trade Shoes	Manufacture of footwear	sinjer	0599250585
.281	Muran for Shoes Manufacturing	Manufacture of parts of footwear	Souk Iskafya	0599646090
.282	Roxy Company For The Manufacture And Trade Of Shoes	Manufacture of footwear	Tareeq bet kahel	0599391498
.283	Humdee Al-Hudad For Sewing Shoes	Manufacture of parts of footwear	Tareq beralsaba'a	0599033639
.284	Abdul-Wadood Qafeeshie For Shoes Manufacturing	Manufacture of parts of footwear	Tareq Bin Ziad	0599479770
.285	Asia Shoes	Manufacture of parts of footwear	Tareq Bin Ziad	0569771441
.286	Jest For You Shoese	Manufacture of parts of footwear	Tareq Bin Ziad	0599077406
.287	Rock Shose	Manufacture of parts of footwear	Tareq Bin Ziad	0597287807
.288	Anwar Shoese	Manufacture of footwear	Tareq Bin Ziad	0599388822
.289	Toledo Co. for Shoes	Manufacture of parts of footwear	wad abu ayash	0599644166
.290	Awad Jabari Shoes Workshop	Manufacture of footwear	wad abu ayash	0599824297
.291	New Jersy Shoes Trading & Industry Co.	Manufacture of footwear	wad abu ayash	0599080272
.292	Naden Shose	Wholesale trade services of footwear	wad abu ayash	0599559375
.293	Abdoh Al-Ju'beh Shoes Workshop	Manufacture of parts of footwear	Wad Alharya	0599876128
.294	Abu-Qweder For Shoes Manufacturing	Manufacture of parts of footwear	Wad Alharya	0599938865
.295	Alajlouni Partnership For Shoes	Manufacture of parts of footwear	Wad Alharya	0598504095
.296	Aloum For Trade Partenership	Manufacture of parts of footwear	Wad Alharya	0599660435
.297	Ashraf Ghaith shoes workshop	Manufacture of parts of footwear	Wad Alharya	0597658000
.298	Dana Player for Shoe Industry Workshop	Manufacture of parts of footwear	Wad Alharya	0599664457
.299	Delux For Shoes Manufacturing	Manufacture of parts of footwear	Wad Alharya	0599707626
.300	Fayez Al-Sa'afeen Shoes Workshop	Manufacture of parts of footwear	Wad Alharya	0599479282
.301	Haitham Qaisi & Hazem Natsheh Partnership	Manufacture of parts of footwear	Wad Alharya	0599292714
.302	Jood Shoes	Manufacture of parts of footwear	Wad Alharya	0522279493
.303	Nedal & Raid Abu Rajab Partnership	Manufacture of parts of footwear	Wad Alharya	0599367051
.304	Rozana Shoes	Manufacture of parts of footwear	Wad Alharya	0599414273
.305	Saleh Al-Ajloulni For Shoes Manufacturing	Manufacture of parts of footwear	Wad Alharya	0599876978
.306	Shabaneh For Shose Factory	Manufacture of parts of footwear	Wad Alharya	0599367803
.307	Star Hebron for International Trade Co	Manufacture of parts of footwear	Wad Alharya	0599200427
.308	Al-Atrash Shoes	Manufacture of footwear	Wad Alharya	0599295710
.309	Al-Worood for Making Shoes & General Trade Com.Ltd	Manufacture of footwear	Wad Alharya	0599206015
.310	For Ever National Industry & Trade Shoes Company	Manufacture of footwear	Wad Alharya	0599292714
.311	G.R.S Shoes Company	Manufacture of footwear	Wad Alharya	0599644060
.312	Glad Baby Manufacturing & Shoes Trade Company	Manufacture of footwear	Wad Alharya	0599395139
.313	Katrina Shoes Partnership	Manufacture of footwear	Wad Alharya	0568950955
.314	Metrou Company For Shose Manufacturing	Manufacture of footwear	Wad Alharya	0599117734
.315	Royal Shoes Company	Manufacture of footwear	Wad Alharya	0599644060
.316	Shoes Yahoo	Manufacture of footwear	Wad Alharya	0599254056
.317	Sunrise Co.for Shose Making & Trading	Manufacture of footwear	Wad Alharya	0599206018
.318	Abu Turkey for Shoe Trade Company	Wholesale trade services of footwear	Wad Alharya	0599033646
.319	Aljabali For Investatment	Wholesale trade services of footwear	Wad Alharya	0599200935
.320	Bader For Shoes Manufacturing	Wholesale trade services of footwear	Wad Alharya	0598565209
.321	Sport Right Company for Shoes	Wholesale trade services of footwear	Wad Alharya	0599302143

.322	Al-Karaki Stores for shoes and leather supplies	Wholesale trade services of hides, skins, and leather	Wad Alharya	0599756825
.323	Bear Shoe Factory	Manufacture of parts of footwear	Wad Alqade	0598867359
.324	Ghusoun Grocery	Manufacture of parts of footwear	Wad Alqade	0599664500
.325	Al-Safa For Shoes Manufacturing	Manufacture of footwear	Wad Alqade	0595328941
.326	Bear Making Shoes Co.	Manufacture of footwear	Wad Alqade	0568509020
.327	Edrais Al-Natshie For Shoes Manufacturing	Manufacture of parts of footwear	Wad Alqota'a	0599252600
.328	Maqdona Company for Trading & Shoes Industry	Manufacture of footwear	Wad Alqota'a	0592333632
.329	Adel Abu Abu Qweider & Brothers for Trading Company	Manufacture of footwear	wad alquta'a	0599999766
.330	Salah Jabari For Shose	Manufacture of footwear	wad alquta'a	0599975072
.331	Abdul-Mo'ti Al-Natshie For Shoes Trade	Manufacture of parts of footwear	Wad Altufah	0599710473
.332	Basim Tubakhi For Shoes Manufacturing	Manufacture of parts of footwear	Wad Altufah	0599777555
.333	Falcon Co. for Manufacturing Shoes	Manufacture of footwear	Wad Altufah	0599674513
.334	Naboly Shoes Co.Trading & Ind	Manufacture of footwear	Wad Altufah	0599649895
.335	Nassar Alhusaini Shose Exhibition	Retail trade services of footwear	Wad Altufah	0599122366
.336	Tomorrow Shoes Stores	Retail trade services of footwear	Wad Altufah	0599830335
.337	Al-Sha'rawi Shoes Exhibition	Wholesale trade services of footwear	Wad Altufah	0599708383
.338	Oscar Shoes	Wholesale trade services of footwear	Wad Altufah	0599362534
.339	Abu Sharkh CO . For Shoes Acessories Trading	Wholesale trade services of hides, skins, and leather	Wad Altufah	0599674510
.340	I-Roun-Destroy	Wholesale trade services of footwear	Wad Altufah	0599724181

التجمعات العنقودية في تحقيق التنافسية للشركات الصغيرة والمتوسطة في مدينة الخليل

(منهجية النمذجة بالمعادلة البنائية)

اعداد الطالب: علاء علي أحمد عمرو

اشراف الدكتور: ابراهيم عوض

ملخص:

مدينة الخليل تعرف باسم (خليل الرحمن) وهي مدينة متميزة بخصائص وملامح معروفة على مستوى العالم، وتحتوي على العديد من الصناعات التقليدية والحرفية والتي منها صناعة الاحذية والجلود.

العمل ضمن منهجية التجمعات العنقودية يحقق الكفاءة والفاعلية للمنشئات العاملة في صناعة الاحذية والجلود لتحقيق التنافسية لهم .حيث المنشئات التي تعمل ضمن منهجية التجمعات العنقودية عندها القدرة على الوصول الى اسواق محلية اكثر ، وتشجع على الابداع ، بسبب التنافس بين المنشئات الموجودة في التجمع، وبالرغم من أن منشئات الاحذية والجلود هي تشكل تجمع عنقودي لكن لاول مرة يتم ادارة هذا التجمع لزيادة تنافسيته .

حيث هدفت الدراسة الى معرفة وتشخيص بعدين مهمين وهما، اولا : فحص واستكشاف دور التجمع العنقودي في تحسين تنافسية الشركات ، ثانيا: معرفة وتشخيص العوامل التي تؤثر على الشركات لتحسين التنافسية وزيادتها في الشركات

تم استخدام نموذج "معادلة النموذج البنائي" "SEM" في البحث، والباحث عشوائيا اختار ووزع 131استبيان على المنشئات العاملة في صناعة الاحذية والجلود، والاستبيان تم تعبئته من قبل مالكي واصحاب هذه المنشئات التي تم اختيارها .

النتائج بينت أن تجمع قطاع صناعة الاحذية والجلود في الخليل كان أداه متوسط وأداء المنشئات العاملة في التجمع متوسط ، والنتائج بينت أن هناك علاقة قوية للعمل ضمن التجمع وتحقيق التنافسية لكن بطريقة غير مباشرة من خلال تحسين اداء المؤسسة داخليا، حيث العمل ضمن التجمع يؤدي الى زيادة الانتاجية والابداع من خلال (تقليل من تكلفة المصادر المشتركة للتجمع، تحسين المهارات من خلال تنفيذ البرامج التدريبية ، عمل ابحاث ودراسات ، بناء القدرات) وهذا يؤدي الى بناء الثقة، والتعاون والتنافس، وهذا مهم لتحقيق التنافسية واستمرارية عمل هذه المنشئات.

GLOSSARY

Analyzing Qualitative Data: qualitative data are based on meanings expressed through words. They result in the collection of non-standardized data which require classification and are analyzed through the use of conceptualization. The process of qualitative analysis involves the development of data categories, allocating units of original data to appropriate categories, recognizing relationships within and between categories of data, and developing and testing hypotheses to produce well-grounded conclusions. The analysis may involve interview and observation.

Analyzing Quantitative Data: data for quantitative analysis can be collected and subsequently coded at different levels of numerical measurement. Analysis will involve describing data and exploring relationships using statistics. The analysis may involve using statistics such as: the mean, the chi square, t-test, and ANOVA.

Balance Scored Card: a framework for setting and monitoring business performance. Metrics are structured according to customer issues, internal efficiency measures, financial measures and innovation.

Cluster: geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition."

Competitive Advantage: a firm experiences a competitive advantage when its actions in an industry create economic value and when few competing firms are engaging in similar actions. However, optimizing short-term profitability does not necessarily ensure optimal shareholders returns since shareholder value represents the net present value of expected future earnings. This research used the concept of the balanced scored card (BSC) as an indicator for the firm's competitive advantage.

Competitiveness at the Firm Level: is the ability to provide products and services more effectively and efficiently than relevant competitors. This includes a sustained success in the international markets without protection or subsidies. Measures of the competitiveness at the firm level include firm profitability, measures of cost and quality, exports, and market share.

Competitive Factors: it discusses the competitive factors considered by Porter (1979, 1980, 1985, 1990). In particular, it discusses the factor conditions, demand conditions, related and supporting industries and Porter's five competitive forces.

Cross-Sectional Study: the study of a particular phenomenon at a particular time.

Demand Conditions: nations gain competitive advantage in industries where sophisticated and demanding buyers put pressure on firms to innovate faster than their foreign competitors. Thus, it is the characters of the home demand, not its size that is likely to be more critical

Descriptive Study: the objective of descriptive research is to portray an accurate profile of persons, events or situations

Hypothesis: a testable proposition about the relationship between two or more events orconcepts.

Individual Relationship: the individual relationships have been determined in the research as the relation of the SME working in the natural stone sector with the banks, insurance firms, universities, public institutes, other stone cutting firms, firms from other sectors, and with suppliers.

Related and Supporting Industries: industries, especially those providing specialized inputs, machinery and services, are sources of technology, ideas and skilled human resources. Suppliers and end-users located in close proximity benefit from shorter lines of communication, a quick and constant flow of information, and an ongoing exchange of ideas and know-how. Social capital is an essential part of the glue that holds clusters together. The existence of the social capital depends on the ability of the people to associate with each other

Reliability: can be addressed by posing the following two questions:

• Will the measure yield the same results on different occasions? (deductive approach)

• Will similar observations be made by different researches on different occasions?(inductive approach)

SPSS: is a software package used for conducting statistical analyses, manipulating data, and generating tables and graphs that summarize data. Statistical analyses range from basic descriptive statistics, such as averages and frequencies, to advanced inferential statistics, such as regression models, analysis of variance, and factor analysis. SPSS also contains several tools for manipulating data, including functions for recoding data and computing new variables as well as merging and aggregating datasets. SPSS also has a number of ways to summarize and display data in the form of tables and graphs.

Strategy: definition of the future direction and actions of a company defined as approaches to achieve specific objectives.

Validity: is concerned with whether the findings are really about what they appear to be about