İSTANBUL UNIVERSITY PRESS

Journal of Tourismology
JOT 2023
DOI: 10.26650/jot.2023.9.1.1330899

RESEARCH ARTICLE

Firm Size and Factors of Competitiveness in Micro Tourism Clusters: Ürgüp Case

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ABSTRACT

The aim of this article is to reveal the relationship between firm size and the factors affecting tourism firm competitiveness in micro tourism clusters. Firm level competitiveness is discussed in relation to industry level, and the factors affecting firm competitiveness are defined in parallel to tourism cluster competitiveness. Structural characteristics of the tourism industry and cluster scale are also discussed in theoretical discussions. The results reveal that micro and small firms have lower partnership rate, difficulty in global marketing, lower foreign tourist rate, lower membership rate in collective bodies, lower education level of entrepreneurs, put less emphasis on certification, participate less in tourism decision-making processes, and take fewer measures to protect the environment. Therefore, micro and small firms have weaker network connections and associating sustainability automatically with small scale is wrong. It is also revealed that economies of scope and diagonal clustering work negatively in relation to firm size. Thus, it seems contradictory to associate economies of scope and diagonal clustering at the same time in micro tourism clusters. Medium and large firms are more advantageous in terms of factors of competitiveness; however, micro and small firms contribute to complementarity and regional competitiveness more.

Keywords: Firm size, firm competitiveness, tourism clusters, micro tourism clusters, Ürgüp/ Cappadocia

Introduction

The factors affecting firm competitiveness have been studied by many researchers from various disciplines, including economics, strategic management, etc.; however, studies discussing firm-level competitiveness in relation to regional development perspective and the tourism industry's structural characteristics are rare. In this study, the factors affecting firm competitiveness are defined within the framework of theoretical discussions in the disciplines of management and regional planning and the structural characteristics of the tourism industry such as firm size, complementarity between firms, the role of local communities, and physical resources.

Firstly, the dominant firm size in the tourism industry is small (Buhalis, 2000; Buhalis & Main, 1998; Hall et al., 2007; Murphy, P. E., & Murphy, A. E, 2004; Perles Ribes et al., 2017; Thomas et al., 2011) and firm size has substantial impact on financial performance (Akben-Selcuk, 2016; Kallmuenzer & Peters, 2018); therefore, it is important to discuss firm competitiveness in relation to firm size. Secondly, the complementarity (Camison & Fores, 2015; Cunha, S. K. & Cunha, J. C., 2005; Porter, 1998) between firms is another important characteristic for the tourism industry. Due to complementarity between firms of different sizes in a tourism destination, agglomeration and networking, which are defined as clusters (Porter, 1990), are considered when defining the factors of firm competitiveness. In order to address firm competitiveness in relation to the environment in which firms operate, mainly in relation to industry-specific factors, the attributes[1] in Porter's diamond model, which creates "an environment that promotes clusters of competitive industries" (Porter, 1990: 86), are used as a framework to define and group factors of competitiveness. Thirdly, considering other structural characteristics of the tourism industry such as the role of local communities (Crouch & Ritchie, 1999; Michael, 2007; Murphy, 1985) and the importance of physical resources (Cunha, S. K. & Cunha, J. C., 2005; Hassan, 2000; Murphy, 1985) that create attractiveness, socio-cultural, political, and environmental aspects are also

[1] The attributes in the Diamond Model are "factor conditions, demand conditions, related and supporting industries, firm strategy, structure and rivalry, and government".

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Submitted: 22.07.2023 • **Revision Requested:** 30.07.2023 • **Last Revision Received:** 13.08.2023 • **Accepted:** 26.08.2023 • **Published Online:** 23.09.2023
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considered when defining the factors of firm competitiveness for a sustainable development. Regarding the structural characteristics of the tourism industry, it is also discussed whether there are conceptual shortcomings when the cluster model is applied to the tourism industry.

Moreover, tourism is an important tool for ensuring local economic development through small size firms, specifically in micro-scale tourism destinations. If the dominant firm size in the tourism industry is small and the cluster model is based on agglomerations of firms in macro-scale and developed regions, then the question of whether the cluster model is also valid in micro-scale tourism destinations arises. The micro-cluster model (Michael, 2007), which tries to answer this scale debate and contributes to the tourism cluster competitiveness literature, is taken into account in this study.

The aim of this article is to reveal the relationship between firm size and the factors affecting tourism firm competitiveness in micro tourism clusters. In line with the purpose of this study, a field research method was used and Ürgüp was chosen as the research area. The reason for choosing it is that it is one of the important tourism centers of the Cappadocia destination, which is famous for natural fairy chimneys, underground cities, historical churches, and hot air balloon tours, and it was added to the UNESCO World Heritage List in 1985 based on natural and cultural criteria. Ürgüp has long been competitive in terms of tourist arrivals and overnight stays, the dominant firm size is micro and small, and it has micro tourism cluster characteristics.

This article is organized as follows: literature review, methodology, and conclusions sections. The literature review section consists of unit of analysis for firm competitiveness, micro tourism clusters, and factors affecting firm competitiveness. The methodology section consists of the sample, data collection, a description of measures, and results subsections.

Literature Review

Unit of Analysis for Firm Competitiveness

Competitiveness is defined by many authors in different ways. Cracolici et al. (2008: 328) state that "competitiveness is the expression of the qualitative and quantitative superiority of an actor (a firm, a region, etc.) over the set of real and potential competitors". Liargovas and Skandalis (2007: 4) state that "the term competitiveness describes the ability of firms and industries to stay competitive which, in turn, reflects their ability to improve or protect their position in relation to competitors which are active in the same market". According to Buhalis (2000: 12), competitiveness is "the effort and achievement of long-term profitability, above the average of the particular industry within which they operate, as well as above alternative investment opportunities in other industries".

Competitiveness is "a multidimensional and relative concept" (Ambastha & Momaya, 2004: 45) and different authors emphasize different levels and aspects. The relevant literature examines competitiveness along three different levels: competitiveness of nations (macro level) (Jovanović et al., 2014; Krstic et al., 2016; Kumar, S. et al, 2024; Porter, 1990), competitiveness of regions (meso level) (Kitson et al., 2004) or industry (Porter, 1980), and competitiveness of firms (micro level) (Barney, 1991; Porter, 1980; Wernerfelt, 1984). For example, Porter (1990: 77) asks "what a new theory must explain is why a nation provides a favorable home base for companies that compete internationally". Krugman (1994) criticizes Porter (1990) in that "competition takes place at the firm level and it is misleading and wrong to draw parallels between a nation and a company" (as cited in Alexandros & Metaxas, 2016: 66).

For firm level competitiveness, the field of strategic management has undergone a major shift in unit of analysis regarding the explanations of performance variation (Galbreath & Galvin, 2008; Hawawini et al., 2003): from industry-specific to firm-specific factors. According to Hawawini et al. (2003: 1), "the main reason for this shift is the inability of industrial organization tradition to provide a rigorous explanation for intra-industry heterogeneity in performance". Industry-specific factors are represented by Porter's (1980) five forces[2] model. Porter (1980) explained how exogenous industry-specific factors impact firms in a given industry. Porter (1980: 3) states that "the essence of formulating competitive strategy is relating a company to its environment"; "competition in an industry is rooted in its underlying economic structure and goes well beyond the behavior of current competitors". Porter (1998: 78) emphasizes that "what happens inside companies is important, but clusters reveal that the immediate business environment outside companies plays a vital role as well". On the other hand, firm-specific factors are presented in resource-based view of firms (RBV). Wernerfelt (1984) defined the term and explored the usefulness of analysing firms from the resource side. In parallel, Barney (1991: 101) states that "RBV holds that performance is driven by internal, not external factors and the numerous possible firm resources can be conveniently classified into three categories: physical capital resources, human capital resources, and organizational capital resources". There are other authors contributing to the debate on whether industry-specific (Hawawini et

[2] Five structural forces determine the performance potential of firms competing in a given industry. They are "rivalry among current competitors, threat of substitution, threat of new entry, bargaining power of suppliers, bargaining power of buyers."

al., 2003; Schmalensee, 1985) or firm-specific factors (Ambastha & Momaya, 2004; Camison & Fores, 2015; Mcgahan & Porter, 1997) are more important.

Micro Tourism Clusters

Porter (1998: 78) defines clusters as "geographic concentrations of interconnected companies and institutions in a particular field", and states that "the enduring competitive advantages in a global economy lie increasingly in local things - knowledge, relationships, motivation - that distant rivals cannot match and rest on making more productive use of inputs, which require continual innovation". Tourism clusters, in parallel, are a concentration of interconnected tourism companies and shaped by the structural characteristics of the tourism industry. Loukissas and Triantafyllopoulos (1997) state that "the tourism product is a conglomerate, an amalgam, a constellation of tangible and intangible elements" (as cited in Camison & Fores, 2015: 480). According to Porter (1998: 81), "in a typical tourism cluster, the quality of a visitor's experience depends not only on the appeal of the primary attractions but also on the quality and efficiency of complementary businesses". In parallel, according to Cunha, S. K. and Cunha, J. C., (2005: 52), "the parts of the agglomerate (tourism cluster) are generally effectively dependent on each other; a bad performance of one may compromise the success of the others".

Studies that adapt Porter's (1990) competitive advantage and cluster approach to the tourism industry are predominantly destination competitiveness models (Agustin et al., 2022; Burnaz & Ayyıldız, 2018; Cracolici et al., 2008; Crouch & Ritchie, 1999; Crouch, 2011; Cunha, S. K. & Cunha, J. C., 2005; Dwyer & Kim, 2003; Enright & Newton, 2004; Estevão & Ferreira, 2009; Font et al., 2023; Goffi & Cucculelli, 2014; Gooroochurn & Sugiyarto, 2005; González-Rodríguez et al., 2023; Hassan, 2000; Heath, 2002; Kayar & Kozak, 2010; Kim & Wicks, 2010; Kozak & Rimmington, 1999; Mazanec et al., 2007). In addition, there are some studies on the competitiveness of the tourism industry at the national level such as the Global Competitiveness Report (WEF, 2020) and World Competitiveness Ranking (IMD, 2022). However, the number of studies addressing firm-level competitiveness in the tourism industry (Aires et al., 2022; Camison & Fores, 2015; Kallmuenzer & Peters, 2018; Sharma et al, 2023; Tonny & Robert, 2023) and discussing cluster competitiveness in parallel with the tourism firm competitiveness are rare.

Although the cluster model, which is at the centre of competitiveness debates, can be applicable to the tourism industry, there are some authors who note that there are conceptual shortcomings in the cluster model when applied to tourism industry (Nordin, 2003; Novelli et al., 2006; Perles Ribes et al., 2017; Santos et al., 2008). In the model, the role of the communities and the physical resources are not discussed. It is also argued that Porter's analysis is applicable to large-scale assessments of economic development, but not suitable for development of micro-environments (Gooroochurn & Sugiyarto, 2005; Michael, 2007; Michael & Hall, 2007).

In order to overcome this conceptual shortcomings and cluster scale debate, the concept of micro tourism clusters, which brings the role of tourism in influencing local growth in small scale environments, is regarded as an effective tool (Gooroochurn & Sugiyarto, 2005; Perles Ribes et al., 2017; Sigurðardóttir & Steinthorsson, 2018). Gooroochurn and Sugiyarto (2005: 33) define micro-tourism clusters as "concentrations of small firms in geographical proximity whose social and economic interests are tied to a single community, and as a development mechanism for small tourism destinations that enhances specialization and competitive advantage at the local level". Hall et al. (2007: 144) relate "micro tourism cluster model to the concept of 'diagonal clustering' (Poon, 1994), where the providers of complementary services (Brandenburger & Nalebuff, 1997) facilitate the development of baskets of products or services to create unique segmented local markets, which consumers enjoy as a single entity". According to Michael (2007: 26), "the clustering typology is expanded to recognize diagonal clustering to identify an increasing concentration of complementary (or symbiotic) firms. Each firm adds value to the activities of others, even though their products may be quite distinct and clearly belong to other industry classifications". According to Hall et al. (2007: 144), "micro tourism clusters leverage not just the advantages of co-location, but generate further economies of scope that expand the breadth of the locality's product offerings and the opportunities for industrial output".

Factors Affecting Firm Competitiveness

According to Cracolici et al. (2008: 328), "the concept of competitiveness may seem easy to understand; but. . . the complexity of the concept comes into play when we try to define and measure it". The complexity of the concept may come from the facts that some factors are unmeasurable, or their importance varies at different levels (macro-meso-micro) and within themselves. For the strategic management discipline, there are a large number of studies discussing the factors/determinants affecting firm competitiveness. One important study is by Capon et al. (1990), who provided a meta-analysis of results from 320 published studies relating environmental, strategic, and organizational factors to financial performance. Ambastha and Momaya (2004) reviewed the literature at the firm level in terms of competitiveness-related frameworks and models and classified the studies in

the Asset-Processes-Performance framework. Liargovas and Skandalis (2007) examined the impact of key determinants of firm competitiveness by studying 102 Greek industrial firms and distinguished the explanatory variables as financial and non-financial drivers of firm competitiveness. Galbreath and Galvin (2008) studied 285 Australian firms and explored that in service firms, resources are found to be much more important to explain performance variation than in manufacturing firms. Camison and Fores (2015) examined the regional environment effect, the district effect and the strategic group effect and demonstrated that firms' capabilities are more important than environment effects and tangible resources. Akben-Selcuk (2016) investigated the factors affecting firm competitiveness in an emerging market. Kallmuenzer and Peters (2018) utilized the entrepreneurial orientation-performance relationship to investigate which kind of entrepreneurial behavior is important in order for rural tourism family firms to perform well. Stawasz (2019) identified the significance of selected determinants of the competitiveness of small, innovative enterprises operating in international markets that use business advice.

The factors that affect firm competitiveness and can be defined in parallel with cluster competitiveness in the literature are as follows: innovation (Aires et al., 2022; Ambastha & Momaya, 2004; Camison & Fores, 2015; Cracolici et al., 2008; Eraydın & Armatlı Köroğlu, 2005, 2007; Hing at al., 2023; Hjalager, 2010; Kallmuenzer & Peters, 2018; Nordin, 2003; Novelli et al., 2006; Poon, 2003; Porter, 1990, 1998; Stawasz, 2019), agglomeration of firms (Cunha, S. K. & Cunha, J. C., 2005; Estevão & Ferreira, 2009; Kachniewska, 2013; Kim & Wicks, 2010; Nordin, 2003; Perles Ribes et al., 2017; Porter, 1990), being connected to local/global/community networks (Albrecht, 2013; Armatlı Köroğlu, 2013; Armatli Köroğlu & Özelçi Eceral, 2017; Baggio et al., 2011; Camison & Fores, 2015; Dredge, 2006; Eraydın & Armatlı Köroğlu, 2005; Erkus-Öztürk, 2009; Erkus-Öztürk & Eraydın, 2010; Erkuş-Öztürk, 2011; Gibson & Lynch, 2007; Iorio & Corsale, 2014; Lynch & Morrison, 2007; Maldonado-Erazo et al., 2020; Polenske, 2004; Poon, 1990; Porter, 1990; Tolkach et al., 2013; Urano & Nóbrega, 2020; Wilkinson & March, 2009), efficiency/productivity (Ambastha & Momaya, 2004; Porter, 1990, 1998), economies of scale (Capon et al., 1990; Koçak, 2018; Marshall, 1920; Porter, 1980; 1998), economies of scope (Hall et al., 2007; Koçak, 2018; Poon, 1990), cooperation (Armatlı Köroğlu, 2011; Baggio et al., 2011; Brandenburger & Nalebuff, 1997; Camison & Fores, 2015; Erkuş-Öztürk, 2011; Graci, 2013; Lynch & Morrison, 2007; Michael, 2007; Polenske, 2004; Porter, 1990, 1998; Schmitz, 1999), collaboration (Baggio, 2011; Camison & Fores, 2015; Colarič-Jakše & Ambrož, 2015; Graci, 2013; Gray & Wood, 1991; Hall, 2009; Jamal & Getz, 1995; Kaku, 1997; Kumar & Dissel, 1996; Polenske, 2004; Scott et al., 2009:17), partnership (Hall, 2009; Polenske, 2004), human capital resources (Barney, 1991; Becker, 1964; Camison & Fores, 2015; Chaston & Mangles, 1987), physical capital resources (Barney, 1991; Williamson, 1975), organizational capital resources (Barney, 1991; Capon et al., 1990; Liargovas & Skandalis, 2007), marketing, advertising (Ambastha & Momaya, 2004; Buhalis, 2000; Camison & Fores, 2015; Capon et al., 1990; Küçükaslan & Ersoy, 2007; Tonny & Robert, 2023), quality of service or products (Ambastha & Momaya, 2004; Camison & Fores, 2015; Capon et al., 1990; Küçükaslan & Ersoy, 2007), using information technologies/technology/big data (Ambastha & Momaya, 2004; Banwet et al, 2003; Buhalis, 2000; Buhalis & Main, 1998; Camarinha-Matos et al., 2010; Camison & Fores, 2015; Papatheodorou, 2004; Porter, 1998; Poon, 2003; Ross, et al, 1996; Sharma et al, 2023; Thomas et al., 2011).

For the tourism industry socio-cultural, political and environmental aspects such as capacity building (Albrecht, 2013; Burgos & Mertens, 2017; Camison & Fores, 2015; Erkuş-Öztürk, 2011; Karacaoğlu et al., 2016; Kim & Wicks, 2010; Porter, 1990, 1998; Tolkach et al., 2013; Yordam & Düşmezkalender, 2019), diversification of economic activities (Karacaoglu et al., 2016; Murphy, 1985), participation (Burgos & Mertens, 2017; Iorio & Corsale, 2014; Karacaoğlu et al., 2016; Li, Lai, & Feng, 2007; Maldonado-Erazo et al., 2020; Murphy, 1985; Okazaki, 2008; Othman et al., 2013; Tolkach et al., 2013; Tosun, 2000; Urano & Nóbrega, 2020; Yanes et al., 2019; Yordam & Düşmezkalender, 2019) relations with collective bodies (Camison & Fores, 2015; Erkuş-Öztürk & Terhorst, 2011; Papatheodorou, 2004; Porter, 1998), preservation of environmental resources (Butler, 1980; Durán-Román et al., 2021; Goffi & Cucculelli, 2014; Graci, 2013; Hassan, 2000; Heath, 2002; Li, Lai, & Feng, 2007; Maldonado-Erazo et al., 2020; Tolkach et al., 2013; Urano & Nóbrega, 2020; Yordam & Düşmezkalender, 2019) are also discussed for competitiveness and sustainable regional development.

Methodology

Sample

In this article, the statistical universe is defined as accommodation establishments in Nevşehir Province, which has been one of the most competitive tourism clusters in Türkiye. Nevşehir Province ranks 7th (3,780,329) in annual overnight stay and 9th (25,314) in bed capacity among the 81 provinces of Türkiye (Republic of Türkiye Culture and Tourism Ministry, 2019). While more competitive provinces in Türkiye predominantly provide services in sea-sand-sun and urban tourism, Nevşehir Province provides services in culture, nature, and faith tourism.

Among the districts of Nevşehir Province, the central district ranks first and Ürgüp District ranks second in terms of overnight stay and total bed capacity for 2019 (Table 1). Because this article is based on small firms and micro tourism clusters whose social

Table 1. *Tourism Potential of Districts of Nevşehir Province*

Districts	Population (2021)	Bed Capacity (2019)	Annual Overnight Stay (2019)
Province Centre	153,117	8,468	1,310,183
Ürgüp	36,361	7,694	1,264,802

and economic interests are tied to a single community, Nevsehir central district is eliminated, since its population is too large to represent community characteristics.[3]

Data Collection

A questionnaire was prepared for the field study and was conducted with the senior managers or entrepreneurs of accommodation establishments for a total of 14 days in October and November 2021. A total of 62 firms were contacted; 47 firms agreed to participate and 2 firm surveys were deemed invalid due to incomplete answers to the questions (Table 2).

Table 2. *Details of Sample Size*

Accommodation Establishments	number	ratio %
Total Number of Establishments	240	100.00
Establishments Contacted	62	25.83
Agreed to Participate in the Survey	47	19.58
Invalid Surveys	2	0.83
Valid Surveys	45	18.75

For comparative analysis, the accommodation establishments surveyed in Ürgüp District were grouped by firm size. In order to achieve this, the definitions in the literature were used. Buhalis and Main (1998: 198) state that "there is no international agreement on size ranges in defining small businesses in the tourism and hospitality industries"; however, there are two different variables in the literature to classify tourism establishments: number of employees and number of rooms.

For the first category, the European Commission uses the number of employees to determine the size of an enterprise, defining a micro-sized enterprise as employing fewer than 10 employees, a small-sized enterprise as employing fewer than 50 employees, and a medium-sized enterprise as employing fewer than 250 employees (European Commission, 2003). Kallmuenzer and Peters (2018), and Akbaba (2012) use the same range determined by the European Commission. Unlike the European Commission, Yuhanis et al. (2012: 171) define "a micro enterprise as employing fewer than 5 full-time employees, a small enterprise as employing 5 to 19 employees, and a medium enterprise as employing 20 to 50 employees". Bressan and Pedrini (2020: 502) define "micro enterprises as employing 1-4 employees and small enterprises as employing 5-19 employees". For the second category, there are studies that determine firm size according to the number of rooms. Buhalis and Main (1998: 198) define "SMEs as having less than 50 rooms and employing fewer than 10 people". Aktaş (1997: 40) states that "hotels with less than 25 rooms are very small (micro) hotels, and hotels with 26-100 rooms are small hotels" (as cited in Kale, 2016: 161).

In this article, firm size categorization was determined based on the groupings made by Yuhanis et al. (2012) and Bressan and Pedrini (2020). The categorization developed by the European Commission is thought to be unsuitable for the tourism industry, since the dominant firm size in tourism is small. In addition, it is not suitable for the samples of this article since, when grouping the firms according to the European Commission's classification, there are no firms classified as large size in the field research area. In addition, in the analysis of this article, medium and large-scale firms were analyzed as a single group, since dominant firm size in Ürgüp is micro and small size, and the number of medium and large-scale firms participating in the surveys was low. When grouping the firms surveyed in the field research area according to their sizes, 42.2% are micro enterprises, 35.6% are small enterprises, and 22.2% are medium and large enterprises.

This study was approved by the Ethics Committee of Gazi University (Date: 22.06.2021, No: 11)

[3] For example, in comparison, the population criteria for being a Cittaslow is lower than 50,000 residents (Cittaslow Organization, 2019).

Description of Measures

In this article, some important factors affecting firm competitiveness are defined within the framework of theoretical discussions in the disciplines of management and regional development. The factors of competitiveness are defined parallel to cluster, tourism cluster, and micro tourism cluster competitiveness. Considering the structural characteristics of the tourism industry such as complementarity between firms, dominant firm size, the role of local communities, and physical resources, socio-cultural, political, and environmental aspects are also discussed for firm competitiveness and sustainable development. In order to categorize the defined factors, the attributes in Porter's (1990) diamond model are used as a framework. Among a large list of factors affecting competitiveness, those selected for analysis are listed in Table 3.

Table 3. *The Structure of the Questionnaire*

Attributes	Factors	Determinants
Factor Conditions	Human Capital Resources	Education Level of Employee
		The Existence of Family Member Employee
	Physical Capital Resources	Measures to Protect the Environment
Demand Conditions	Demand Conditions	Ratio of Domestic/Foreign Tourists
Firm Structure, Strategy and Rivalry	Characteristics of Entrepreneur	Education Level of Entrepreneur
		Indigenousness of Entrepreneur
	Being Connected to Local/ Global/Community Networks	Membership of Collective Bodies such as NGOs, professional chambers, or local development cooperatives.
	Cooperation/ Collaboration	Total Number of Cooperation/Collaboration (Options in the Survey: Double Reservation and Directing the Tourist to a Familiar Establishment, Outsourcing, Lending Skilled Labor, Joint Promotion and Marketing, Joint Product Development)
	Partnership	Having A Partner
	Marketing	Challenges in Global Marketing
		Percentage of Visitors by Travel Agencies
	Quality of Service	Number of Certificates
	Innovation	Number and Kind of Innovations
	Diversification of Economic Activities	Having Additional Income Generating Activities Other than Tourism
Related and Supporting Industries	Agglomeration of Tourism Firms	Location of Suppliers (Same Province)
	Economies of Scope	Providing Complementary Tourism Products
Relations With Governmental Organizations	Capacity Building	Public Funding During Establishment
	Participation in Decision Making	Participation in Tourism Decision-Making Processes

While cluster model covers all sectors, some issues related to the tourism industry are highlighted in the model explanations. Porter (1998: 89) emphasizes "collective bodies for clusters consisting of many small and mid-size companies - such as tourism, apparel, and agriculture - to assume scale-sensitive functions". In addition, Porter (1998: 78) states that "many clusters include governmental and other institutions, such as universities, standards-setting agencies, think tanks, vocational training providers, and trade associations". Therefore, in this article, relations with collective bodies such as local development cooperatives, NGOs, professional chambers, and governmental organizations are taken into account when examining firm competitiveness.

In addition, economies of scale[4] and economies of scope[5] result in higher productivity and price advantage for firms. It is accepted that small firms are "failing to benefit from economies of scale and scope" (Papatheodorou, 2004: 223). In order to achieve economies of scale in the tourism industry, a mass tourist movement is needed through travel agencies/tour operators within the scope of package tours. To achieve economies of scope in the tourism industry, firms must simultaneously provide complementary tourism products such as accommodation, food and beverage, entertainment, rent a car, balloon tours, etc. to their visitors. In this article, while no comparison has been made in terms of economies of scale, the situation of benefiting from economies of scope is researched since it is regarded as the basis of micro tourism cluster model. To evaluate economies of scope, the survey participants were asked whether they provide any complementary tourism products to their visitors simultaneously.

[4] Economies of scale means that "the unit cost of a product (or the operation or function required to produce a product) decreases as the absolute volume of production per period increases" (Porter, 1980: 8).

[5] Economies of scope defines "the possibility of providing cost savings with the simultaneous production of different product groups by a single firm instead of each being produced by different specialized firms" (Poon, 2003: 136).

Results

The data obtained with the questionnaires were analyzed with the SPSS software. The numeric data is converted to categorical data and the relationship between firm size and defined determinants was examined with Chi-Square analysis. The groupings for converting numeric data into categorical data were defined as follows: if the cumulative percent value is below 27%, it is grouped as low, between 27% and 73% as medium, and above 73% as high. The results of the analysis are given in Table 4. When determining the significance of the relationship, it is accepted that there is a relationship in case of $p<0.05$, and there is no relationship in case of $p>0.05$.

Table 4. *Chi-Square Analysis*[6]

Determinants	Response	Micro Firm	Small Firm	Medium & Large Firm	Total	Chi-Square Analysis	
		n %	n %	n %	n %	Chi-Square	
Education Level of Employee	Low	3 15.8	7 43.8	2 20.0	12 26.7		
	Middle	8 42.1	4 25.0	4 40.0	16 35.6		
	High	8 42.1	5 31.3	4 40.0	17 37.8	- 3.835*	0.459
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Existence of Family Member Employee	No	8 42.1	6 37.5	6 60.0	20 44.4		
	Yes	11 57.9	10 62.5	4 40.0	25 55.6		
	Total	19 100.0	16 100.0	10 100.0	45 100.0	1.335	0.513
Measures to Protect the Environment	Low	7 36.8	1 6.3	0 0.0	8 17.8		
	Middle	9 47.4	12 75.0	1 10.0	22 48.9		
	High	3 15.8	3 18.8	9 90.0	15 33.3	24.6	0.0001
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
The Ratio of Domestic/F oreign Tourists[6]	Low	0 0.0	5 38.5	4 40.0	9 23.7		
	Middle	8 53.3	4 30.8	6 60.0	18 47.4		
	High	7 46.7	4 30.8	0 0.0	11 28.9	11.618	0.022
	Total	15 100.0	13 100.0	10 100.0	38 100.0		
Education Level of Entrepreneur	< High school	6 31.6	9 56.3	0 0.0	15 33.3		
	College<	13 68.4	7 43.8	10 100.0	30 66.7	. 8.808	0.012
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Indigenousness of Entrepreneur	Nevşehir	9 47.4	10 62.5	5 50.0	24 53.3		
	Other	10 52.6	6 37.5	5 50.0	21 46.7		
	Total	19 100.0	16 100.0	10 100.0	45 100.0	0.856	0.652
Membership in Collective Bodies	Yes	7 36.8	8 50.0	9 90.0	24 53.3		
	No	12 63.2	8 50.0	1 10.0	21 46.7		
	Total	19 100.0	16 100.0	10 100.0	45 100.0	- 7.549	0.023
Total Number of Cooperation/ Collaboration	Low	6 31.6	3 18.8	0 0.0	9 20.0		
	Middle	5 26.3	7 43.8	5 50.0	17 37.8		
	High	8 42.1	6 37.5	5 50.0	19 42.2	. 4.721	0.324
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Having a Partner	No	19 100.0	15 93.8	7 70.0	41 91.1		
	Yes	0 0.0	1 6.3	3 30.0	4 8.9	7.494*	0.026
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Challenges in Global Marketing	Yes	8 42.1	3 18.8	0 0.0	11 24.4		
	No	11 57.9	13 81.3	10 100.0	34 75.6	6.725*	0.026
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Visitors by Travel Agencies	Low	7 36.8	3 18.8	0 0.0	10 22.2		
	Middle	7 36.8	7 43.8	5 50.0	19 42.2	- 5 479*	0 251
	High	5 26.3	6 37.5	5 50.0	16 35.6		
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Number of Certificates	Middle	17 89.5	8 50.0	0 0.0	25 55.6		
	High	2 10.5	8 50.0	10 100.0	20 44.4	21.553	0.0001
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Additional Income-Generating Activities Other Than Tourism	Middle	12 63.2	9 56.3	6 60.0	27 60.0		
	High	7 36.8	7 43.8	4 40.0	18 40.0	0.173	0.917
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Location of Suppliers (Percentage of the Same Province)	Low	5 26.3	3 18.8	3 30.0	11 24.4		
	Middle	8 42.1	9 56.3	3 30.0	20 44.4		
	High	6 31.6	4 25.0	4 40.0	14 31.1	1.808*	0.810
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Providing Complementary	No	15 78.9	10 62.5	5 50.0	30 66.7		
	Yes	4 21.1	6 37.5	5 50.0	15 33.3	2.664	0.264
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Public Funding During Establishment	No	13 68.4	12 75.0	8 80.0	33 73.3		
	Yes	6 31.6	4 25.0	2 20.0	12 26.7	- 0.484	0.825
	Total	19 100.0	16 100.0	10 100.0	45 100.0		
Participation in Tourism Decision-Making Processes	No	16 84.2	8 50.0	1 10.0	25 55.6		
	Yes	3 15.8	8 50.0	9 90.0	20 44.4	- 14.923	0.0001
	Total	19 100.0	16 100.0	10 100.0	45 100.0		

*Monte Carlo Simulation

Subject groups were also asked about the number of innovations they have made in the last 10 years; however, they did not give a clear answer about the number of innovations, rather, they only gave information about the type. For this reason, whether there is a relationship between firm size and innovativeness could not be tested.

Chi-square analysis reveals that there is a relationship between firm size and determinants of "number of the certificates, having challenges in global marketing, having local/global partners, being a member of collective bodies such as NGOs, professional chambers or local development cooperatives, the ratio of domestic/foreign tourists visiting the establishment, education level of the entrepreneur, participating in decision-making processes, taking measures to protect the physical environment" ($p<0.05$); on the other hand, no relationship is found between firm size and the rest of the determinants ($p>0.05$) (Table.4). The results of this study are conceptualized in a firm size pyramid, with large and medium firms at the top of the pyramid and micro firms at the bottom (Figure.1). The number of micro firms are highest, and middle and large firms are least; however, middle and large firms are most advantageous in terms of factors of competitiveness.

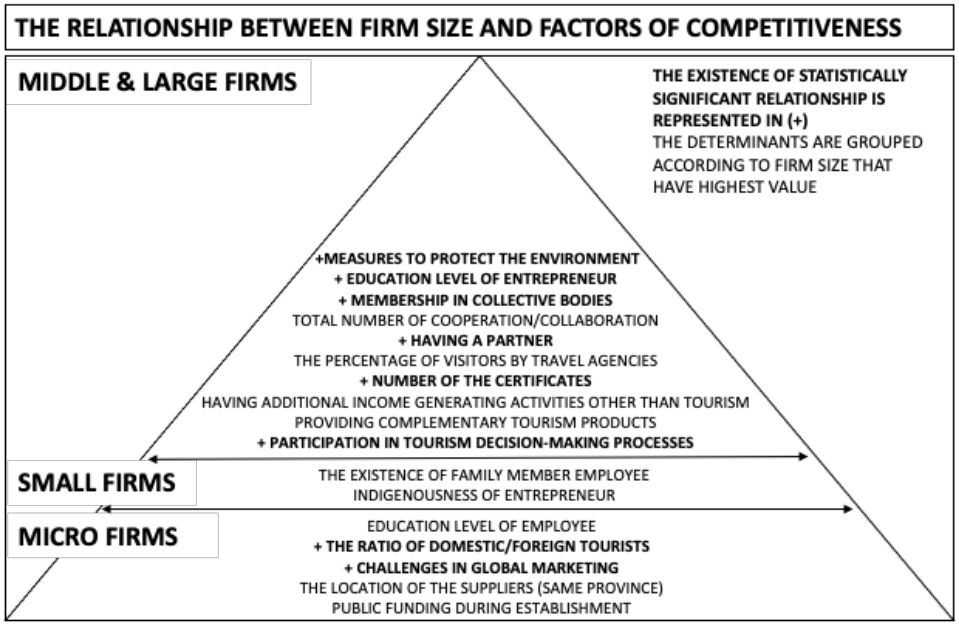


Figure 1. The firm size pyramid for competitiveness[7]

As in the analysis, the attributes defined in Porter's diamond model are also used to discuss the results. The first findings based on factor conditions are human capital resources and physical capital resources. For human capital resources, no relationship is found between firm size and the education level of employees (vocational high school and above ratio) and the presence of family members in the establishment. The percentage of employing family members in medium and large firms is lower than in micro and small firms, but the difference is not significant. For physical capital resources, which are the most important resources that create attraction for tourism demand, it is revealed that micro and small firms give less importance to preservation of physical capital resources. Regardless of the level of environmental pollution created by accommodation establishments, it is revealed that the number of measures taken to protect the environment increases as firm size increases. The second finding based on demand conditions is about the characteristics of visitors. As firm size increases, the ratio of domestic/foreign tourists visiting the establishment decreases. Due to limitations in marketing, the target visitors for micro and small firms are mainly domestic tourists. This situation can be advantageous in crisis periods such as a global pandemic, when international borders are closed to international visitors.

The third finding is based on firm strategy and rivalry, and there are multiple factors to discuss. First, in terms of firm structure, the relationship between firm size and education level of the entrepreneur is revealed. The percentage of "college and above" is quite high in medium and large firms compared to micro and small firms. On the other hand, no relationship was found between indigenousness of the entrepreneur and firm size. Second, it is also revealed that micro and small firms predominantly have no partners, are not a part of hotel chains and do not use partnerships as a strategy for competitiveness. On the other hand, the

[6] The domestic / foreign tourists ratio data is based on 2019, the last normal period before the Covid pandemic. 7 firms established in 2020 and after, and did not answer this question.
[7] The intervals in the figure are divided symbolically.

percentage of having partners in medium and large firms is also limited (30%). It can be said that partnership is not a prevalent competitive strategy for firms in Ürgüp.

Third, the number of certificates in medium and large firms is higher than micro and small firms. Although micro and small firms attach importance to increasing service quality offered to their visitors and mostly charge higher nightly rates per room, they do not attach importance to getting certificates for measuring or documenting the quality of service provided, since it is regarded as requiring an expenditure of time and money. Medium and large firms attach importance to certification in order to increase institutionalization and service quality. After the Covid 19 pandemic, the safe tourism certificate became compulsory for accommodation establishments with more than 30 rooms, and sustainability certificates have gained importance among tourism establishments in Türkiye.

Fourth, as firm size decreases, the rate of experiencing difficulty in global marketing increases. Specifically micro firms have difficulty in global marketing; among medium and large firms, there is no firm that has difficulty in global marketing. Although there is a significant difference between firms of different sizes, micro firms are partially and small firms are predominantly integrated into the global market to a large extent due to widespread use of internet and digital platforms (social media, global reservation systems). On the other hand, sample firms complained about commissions paid to intermediary firms such as tour operators/travel agencies or global online reservation systems; however, they need them for marketing and local/global network connections. The difference between firms of different sizes in terms of the percentage of using tour operator/travel agency is not statistically significant; however, medium and large firms work with tour operators/travel agencies more since they have a higher bed capacity and their target customers are mainly foreign. Micro and small firms specifically use global reservation systems such as booking.com instead of travel agencies.

Fifth, although the difference is not statistically significant, medium and large firms cooperate/collaborate with other firms more than other sized firms. Overbooking and directing customer to a familiar establishment is the most common type of cooperation between firms. The practice of overbooking is not common in micro and small firms compared to medium and large firms. The reason for this is when they sell extra rooms, and when the reservations are not cancelled, they cannot offer alternative rooms to visitors. In addition, medium and large firms also cooperate/collaborate for participating in tourism fairs. Micro and small firms, on the other hand, predominantly do not attend tourism fairs. Sixth, there is relationship between firm size and being a member of collective bodies such as NGOs, professional chambers, local development cooperatives, or tourism infrastructure service associations. As the size of the firms increases, the status of being member of collective bodies increases. Membership in such bodies can contribute to the competitiveness of firms in many ways, such as joint learning, networking, marketing, etc.

Seventh, it is revealed that there is no relationship between firm size and providing a complementary tourism product, which represents economies of scope. In addition, it is also revealed that 77.8% of the accommodation establishments surveyed provide only room and bed and breakfast services; 85.3% of those providing bed and breakfast services are micro and small-sized firms. Accommodation establishments that offer bed and breakfast services bring consumers and complementary tourism service providers together and accommodation establishments that offer half board, full board, or all-inclusive services tend to meet the needs of visitors within a single facility. Therefore, small firms that offer bed and breakfast services contribute to complementary and diagonal clustering more. Consequently, although the difference is not significant, as the size of firm increases, benefiting from economies of scope increases; on the other hand, as firm size increases, contribution to diagonal clustering decreases. Thus, it is revealed that economies of scope and diagonal clustering work negatively in relation to firm size in micro tourism clusters.

Eighth, one of the important factors for firm competitiveness is innovation capacity. As mentioned, the number of innovations developed by firms is not obtained, however, it has been observed that micro and small firms mainly focus on decorative improvements, product diversification, and better use of online reservation systems; on the other hand, medium and large firms additionally focus on using information technologies, improvements in management, having technologies that provide efficiency in services, the use of renewable energy resources, environmentally friendly practices, and recycling.

The fourth finding is based on relations with related and supporting industries. One of the factors affecting firm competitiveness is agglomeration economy. In this article, the relationship between firm size and the rate of supplying goods from the same district or province is evaluated and no relationship is found. In the Ürgüp case, it has been observed that all size firms get food and beverage materials and hygiene materials from the closest suppliers, and predominantly get furniture and textile products from other provinces. It is understood that all size firms benefit from externalities of agglomeration.

The fifth finding is based on relations with governmental organizations. There is no relationship between firm size and public funding during establishment; on the other hand, there is relationship between firm size and participating in decision-making processes. As firm size increases, the percentage of getting public funding during the establishment phase decreases, but the difference is not significant. As the firm size increases, the percentage of participating in tourism decision-making processes increases. Ürgüp District represents step 3 (informing) and step 4 (consulting) in Arnstein's (1969) ladder of citizen participation. Ürgüp Municipality and the Cappadocia Area Presidency organize sectoral meetings for tourism decision making, however, it

has been stated by most of the firm's entrepreneurs/managers that their opinions are advisory and do not have to be taken into account. The reasons the entrepreneurs of micro and small firms participate less in tourism planning processes is beyond the scope of this article; however, reasons such as unequal power relations (Arnstein, 1969; Tosun, 2000), institutionalization of tourism development (Butler, 1980; Tosun, 2000: 627), willingness of people to participate (Murphy, 1985: 446), and legislative arrangements that limit the level of participation are also valid for the Ürgüp destination. The point that should be emphasized, according to the results of the analysis, is that micro firms in Ürgüp are predominantly excluded from decision-making processes.

Conclusions

The aim of this article is to reveal the relationship between firm size and factors affecting tourism firm competitiveness in micro tourism clusters. As a result of the analysis of the factors that affect firm competitiveness, which are defined and grouped within the framework of the attributes of Porter's (1990) diamond model, three main conclusions were reached.

Firstly, regarding networking, which is one of the most important factors for cluster competitiveness, it has been revealed that micro and small firms have weaker local/global network connections than medium and large firms since they have a lower partnership rate, difficulty in global marketing, have a lower membership rate in collective bodies, cooperate/collaborate with other firms less, and the ratio of foreign/domestic tourists visiting the establishment is lower. This study is different from previous studies since it is based on a micro tourism cluster which is mainly made up of SMEs; however, it is interesting to notice that this result is compatible with some studies (Erkuş-Öztürk, 2009) on macro-scale and sea-sand-sun-based tourism destinations.

Secondly, in discussing the conceptual shortcomings that arise in adapting the cluster approach to the tourism industry and in making a comparison according to firm size in terms of socio-cultural, political, and environmental aspects, it is revealed that micro and small firms place less importance on participation. In addition, they place less importance on environmental protection, recycling, or using renewable energy sources. Therefore, these results are in line with the argument that "associating sustainability with small scale is wrong" (Butler, 1999; Roberts & Tribe, 2008).

Thirdly, although the attributes defined in Porter's diamond model are used to define factors of firm competitiveness in this study, the question of whether the cluster model is valid for micro-scale tourism destinations is beyond the scope of this study. However, the aim is to discuss the concepts such as diagonal clustering and economies of scope, which are prominent in micro tourism cluster model, with firm size. Although there is no statistically significant relationship between firm size and economies of scope, it is revealed that economies of scope and diagonal clustering work negatively. Therefore, it seems contradictory to associate economies of scope and diagonal clustering at the same time, as in previous studies (Hall et al., 2007; Michael, 2007). To sum up, considering the factors affecting firm competitiveness in micro clusters, medium and large-sized firms located at the top of the firm-size pyramid (Figure 1) are more advantageous in terms of competitiveness; however, micro and small firms contribute to complementarity - diagonal clustering, and consequently to regional competitiveness more.

This article is limited, since it is not possible to consider all factors within a study. In this article, the important factors that affect firm competitiveness are discussed with a multidisciplinary and holistic approach. For future studies, there is a need for more research on the factors affecting firm competitiveness in collaboration with researchers from the disciplines of regional planning and strategic management.

Ethical Approval: This study was approved by the Ethics Committee of Gazi University (Date: 22.06.2021, No: 11)
Peer Review: Externally peer-reviewed.
Conflict of Interest: The authors have no conflict of interest to declare.
Grant Support: The authors declared that this study has received no financial support.
Author Contributions: Conception/Design of study: N.T.C., B.A.K.; Data Acquisition: N.T.C.; Data Analysis/Interpretation: N.T.C., B.A.K.; Drafting Manuscript: N.T.C.; Critical Revision of Manuscript: N.T.C., B.A.K.; Final Approval and Accountability: N.T.C., B.A.K.

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How cite this article

Topuz Cerrah, N., & Armatli Koroglu, B. (2023). Firm size and factors of competitiveness in micro tourism clusters: Ürgüp case. *Journal of Tourismology*. Advanced online publication. https://doi.org/10.26650/jot.2023.9.1.1330899