Chapter 11
Strategic Management in SMEs in the Context of Clustering

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ABSTRACT

Nowadays, the effects of global dynamics are directive on enterprises. Competitiveness is triggered by these dynamics and determine the efficiency of enterprises. Therefore, not only the local and national dimension, but also the global actors have a say on the viability of enterprises and their competitiveness. In such an ecological environment, it is possible to come across many strategies for gaining competitiveness and skills. Porter points out that the national resources should be used optimally and that each country should specialize in specific areas and build clusters through these areas and thus use the resources effectively. Therefore, it draws attention to “the importance of clustering,” which is one of the instruments effective in competitiveness with global dynamics. In this study, strategic management processes of small and medium-sized enterprises in the context of clustering will be discussed. In addition, the contribution of cluster studies to SMEs in Industry 4.0 digitalization process will be briefly mentioned.
INTRODUCTION

Drucker (2014) underlines that global competition should become a strategic goal for every organization and that it cannot be successful or survive without the standards set by the leaders in their respective fields. Therefore, global dynamics and global competition are the main factors that should be taken into consideration in the sustainability of enterprises. In other words, it is important to define the concept of competition as good and correct and to determine the most suitable position for the company within this context. Another point to know is that the concept of competition differs according to the structure in which it is scaled. While the competition among the enterprises within the country is defined as micro-level, competition between regions/sectors is considered as a mezzo level and competition among countries is considered as macro-level (Arıcıoğlu et al., 2013).

When the development of competition is analyzed, it is seen that production-based or price-based understanding is now far away. Also, in recent years, with the concepts of Industry 4.0 and digitization, the situation of businesses, especially SMEs, creates questions from a strategic point of view. Because this digital environment also plays an active role in changing the dynamics of competition. Another information about the competition that goes far away from what is known is that big fish eat small fish. Size is no longer what matters, it is better to be small and fast for competition. Now that small fish come together and act with the right relationship and in common direction, this cooperation turns them from being bait into rivals. Therefore, the situation in SMEs is changing. Being a large-scale company is no longer a pioneering condition for competition. SMEs also have the potential and dynamism to compete with large-scale companies with various techniques.

In the context of all these points, it is thought that the concept of strategy and strategic management should be discussed again in terms of SMEs. In particular, the inadequacy of the ability of small scale enterprises to reach strategic management individually triggers a new model search. In other words, instead of constructing strategic management on their own, small-sized enterprises should either follow the strategy of the adults or come together and have the ability to produce strategies with a common mind and collective leadership. Clustering is perhaps the best known and effective one of these models.

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In addition to its re-enactment with Porter as well as its history extending to Marshall, the successful implementation of the cluster as regional development and cooperation model in many countries, especially the EU, has gradually increased the reputation of the cluster. In this section, the concept of clustering and the benefits of clusters to enterprises will be discussed and what kind of facilities can be provided to SMEs in terms of strategic management will be discussed.

What is the Concept of Clustering?

It is possible to find many definitions in the literature about clusters. While some of these definitions look at clusters from a narrow perspective, some give a broad definition. According to Schmitz (1999), clustering means economic geography and sectoral unity. For OECD, the cluster includes a commitment and network of experienced suppliers, value-added production, interconnected businesses, and closely