Chapter IX

The Analysis of Tourism Cluster Development of Istanbul: A Longitudinal Study in Sultanahmet District (Old Town)

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Abstract

The Sultanahmet district in Turkey has a distinct and unique historical characteristic that includes both Byzantine and Ottoman styles in the design of historical shopping centers, architecture in general, and mosques. Competitive Advantage of Turkey (CAT) conducted a comprehensive cluster study in this historical district in 2001 and initiated the cluster development project. Therefore, the main aim of this research is to identify the analysis of tourism cluster development in the Sultanahmet district (old town). For this purpose, a longitudinal study was realized. Along with secondary research, semi-structured questionnaires, semi-structured interviews, and expert opinions were used as the primary data collection method. A questionnaire was given to members of civil societies, governmental organizations, entrepreneurs (e.g., travel agents, hotel owners, shopping centers owners, etc.), local governments, and suppliers located in the Sultanahmet district.
Introduction

Industrial cluster is one of the latest agendas in today’s organizational researches; it can be characterized as networks of production of strongly interdependent firms (including specialized suppliers), knowledge-producing agents (universities, research institutes, engineering companies, R&D centers), bridging institutions (brokers, consultants), competitors, NGOs, governmental organizations, specialized institutions, local governments, inspection and control bodies, and customers, all linked to each other in a value-adding production chain (Bulu & Eraslan, 2004; Roelandt & Hertog, 1998). Porter (1998) defines clusters as the derivers of new economics of competition. After his pioneering study, a number of theoretical and empirical studies initiated all over the world. As a result of these attempts, many research centers were launched in different countries, and many countries, including member countries of the EU, accepted cluster-based economic development. On the other side, Harvard University founded a center for mapping all clusters in the US, and the UK initiated 15 regional development agencies in the country managed by the central government. The Sweden Competitiveness Institute started an independent center that worked for the country’s clusters, and Italy initiated various cluster centers in industrial districts. The cluster approach also has been studied and utilized as a strategic tool by Competitive Advantage of Turkey (CAT), which was established as an NGO by private sector leaders of Turkey together with the cooperation of Porter’s intellectual support since 1999 for increasing the competitiveness power of Turkey. CAT realized a number of cluster studies and field researches in different industries, including the tourism sector.

Turkey is a middle-income country with a GNP per capita of $4,617 and a population of 70 million in 2004 (SIS, 2005). The Turkish Republic is a social, democratic, secular state and is one of the most developed East European countries, industrializing at a rapid rate. Trade has been increasing, and Turkey has become more open to the world both economically and socially. Turkey is bordered by six countries and is at the crossroads between Asia and Europe; it serves as a link and a strategic barrier between the Southern Caucasus and the northern Middle East. Its area is 779,452 sq. km., and is surrounded by three seas—the Black Sea to the north, the Mediterranean Sea to the south, and the Aegean Sea to the west—which presents good sea tourism opportunities. Turkey is also a member of various international political, social, economic, cultural, and military organizations, which include the Council of Europe, the UN, the World Bank, the IMF, the OECD, the WTO, the Multilateral Investment Guarantee Agency (MIGA), and NATO. Turkey has had a history of cooperation with the European integration movement since the movement’s early beginnings. In 1963, Turkey and the European Community (EC) signed the Turkey-EC Association Agreement. In 1987, Turkey formally applied for accession to the EC. Nevertheless, the Commission recommended continuing cooperation with Turkey, which eventually led to the formation of an EU customs union with Turkey in 1995. In April 1997, at the EU Intergovernmental Conference, the EU announced that Turkey would remain eligible for accession on the same political criteria as other applicant countries (Banani, 2003). The Helsinki European Council formally recognized Turkey as a candidate for accession to the European Union in December 1999. In December 2002, the Copenhagen European Council resolved to decide on the launching of accession negotiations with Turkey at the end of 2004. As a result, the negotiation progress with EU was initiated on October 3, 2005. Along with the wind of relationship between EU and Turkey and the globalization and liberalization progress of 

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