

GLOBAL COMPETITIVENESS STRUCTURE OF TURKISH ECONOMY

Yavuz TURGUTER*

ÖZET

Dünya ekonomisinde küresel rekabet koşulları gittikçe keskinleşmekte ve daha karmaşık bir yapıya dönüşmektedir. Yüksek rekabet koşulları altında, Türkiye ekonomisinin de yakın rakiplerine göre rekabet gücünü artırması gerekmektedir. Bu bağlamda çalışmanın temel amacı, Dünya Ekonomik Forumu Küresel Rekabet Gücü Raporunu dikkate alarak Türkiye Ekonomisinin rekabet gücü yapısını analiz etmektir. Çalışmanın temel sonucu, Türkiye ekonomisinin başta ihracat kapasitesi, kurumsal kalite ve etkinliği, emek piyasası etkinliği, ulusal tasarruflar, eğitim kalitesi ve inovasyon kapasitesi alanları olmak üzere rekabet gücü yapısını yükseltmek zorunda olduğu biçimindedir.

Anahtar Kelimeler: Türkiye Ekonomisi

ABSTRACT

Global competition conditions are sharpening and turning into more complex structure in the world economy. Under the highly competitive conditions, Turkish economy needs to increase her competitiveness against the closest competitors. In this context, main aim of this study is to investigate the competitiveness structure of Turkish economy by considering The Global Competitiveness Report of World Economic Forum. Main result of the study is that Turkish economy has to increase her competitiveness structure especially in the fields of export capacity, the institutional quality and efficiency, labor market efficiency, national savings, educational quality, innovation capacity.

Keywords: The Turkish Economy, Determinants of Global Competitiveness, Economic Growth

*Lecturer, PhD, Marmara University, Faculty of Economics, Department of Economics, yturut@armara.edu.tr

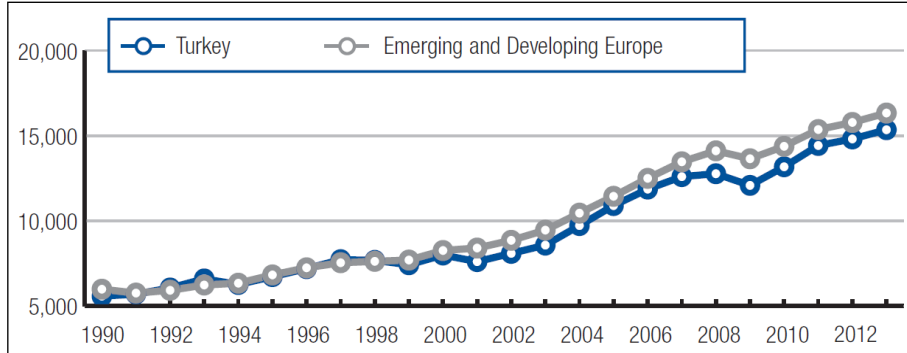
1. INTRODUCTION

Turkish economy has a strong economic growth potential with dynamic economic agents under the political and economic stability conditions. However, some structural economic problems of the economy such as foreign dependency in energy, technology and finance affect economic growth and competitiveness of the country negatively. On the other hand, increasing global competition conditions in the world economy, Turkish economy have to increase her competitiveness against the closest competitors. In this framework, main aim of this study is to investigate the competitiveness structure of Turkish economy by considering The Global Competitiveness Report of World Economic Forum. Main result of the study is that Turkish economy have to increase her competitiveness structure especially in the fields of export capacity, the institutional quality and efficiency, labor market efficiency, national savings, educational quality, innovation capacity.

2. ECONOMIC DEVELOPMENT DYNAMICS OF TURKISH ECONOMY

Turkish economy has important economic development dynamics especially since early 2000s. Political and economic stability has an important contribution on the economic growth dynamics. Figure 1 shows Turkey GDP Indicator which is increasing strongly since 2002 except 2008-2010 global economic crisis era.

Figure 1. Turkey GDP Indicator (PPP) per capita (int'l \$), 1990–2013



Source: World Economic Forum, The Global Competitiveness Report 2014–2015, Klaus Schwab (Edt). WEF, 2014

Table 1 shows macroeconomic indicators and projections of Turkish economy. GDP is growing between 2-4 percent. On the other hand gross fixed capital formation is very volatile since 2012. Current account deficit is between 6-8 percent of GDP. Unemployment rate is between 9-10 percent.

Table 1. Macroeconomic Indicators and Projections

	2010	2011	2012	2013	2014	2015
	Current prices TRY billion	Percentage changes, volume (1998 prices)				
GDP	1 098.8	8.8	2.1	4.0	3.3	4.0
Private consumption	787.8	7.7	-0.5	4.6	2.8	4.2
Government consumption	157.5	4.7	6.1	5.9	6.6	3.6
Gross fixed capital formation	207.8	18.0	-2.7	4.3	-1.2	5.7
Final domestic demand	1 153.1	9.1	-0.1	4.8	2.5	4.6
Stockbuilding ¹	6.7	-0.1	-1.4	1.4	-1.3	-0.1
Total domestic demand	1 159.8	8.9	-1.4	6.1	1.2	4.5
Exports of goods and services	233.0	7.9	16.3	0.1	9.6	6.4
Imports of goods and services	294.0	10.7	-0.4	8.5	0.7	7.7
Net exports ¹	-61.0	-1.2	4.0	-2.6	2.2	-0.8
Other indicators						
GDP deflator		8.6	6.9	5.9	8.5	6.6
Consumer price index (CPI)		6.5	8.9	7.5	8.0	6.5
Core CPI		6.8	8.1	6.6	8.1	5.9
Employment		6.6	2.9	2.8	1.8	2.4
Unemployment rate ²		9.6	9.0	9.5	9.8	9.6
Current account balance ³		-9.6	-6.1	-7.9	-6.4	-6.6

1. Contributions to changes in real GDP (percentage of real GDP in previous year).
2. As a percentage of labour force. 3. As a percentage of GDP. Includes volatile gold sales and purchases.

Source: OECD (2014). OECD Economic Surveys TURKEY, OECD

Table 2 shows growth accounting of Turkish economy since 1970s. GDP growth rate is 5.2% in the period 2002-2011. Contribution of capital is 27.7%, contribution of labour is 27.3% and contribution of total factor productivity growth (AS=TFPG) is 45% in the period 2002-2011.

Table 2. Growth Accounting of Turkish Economy

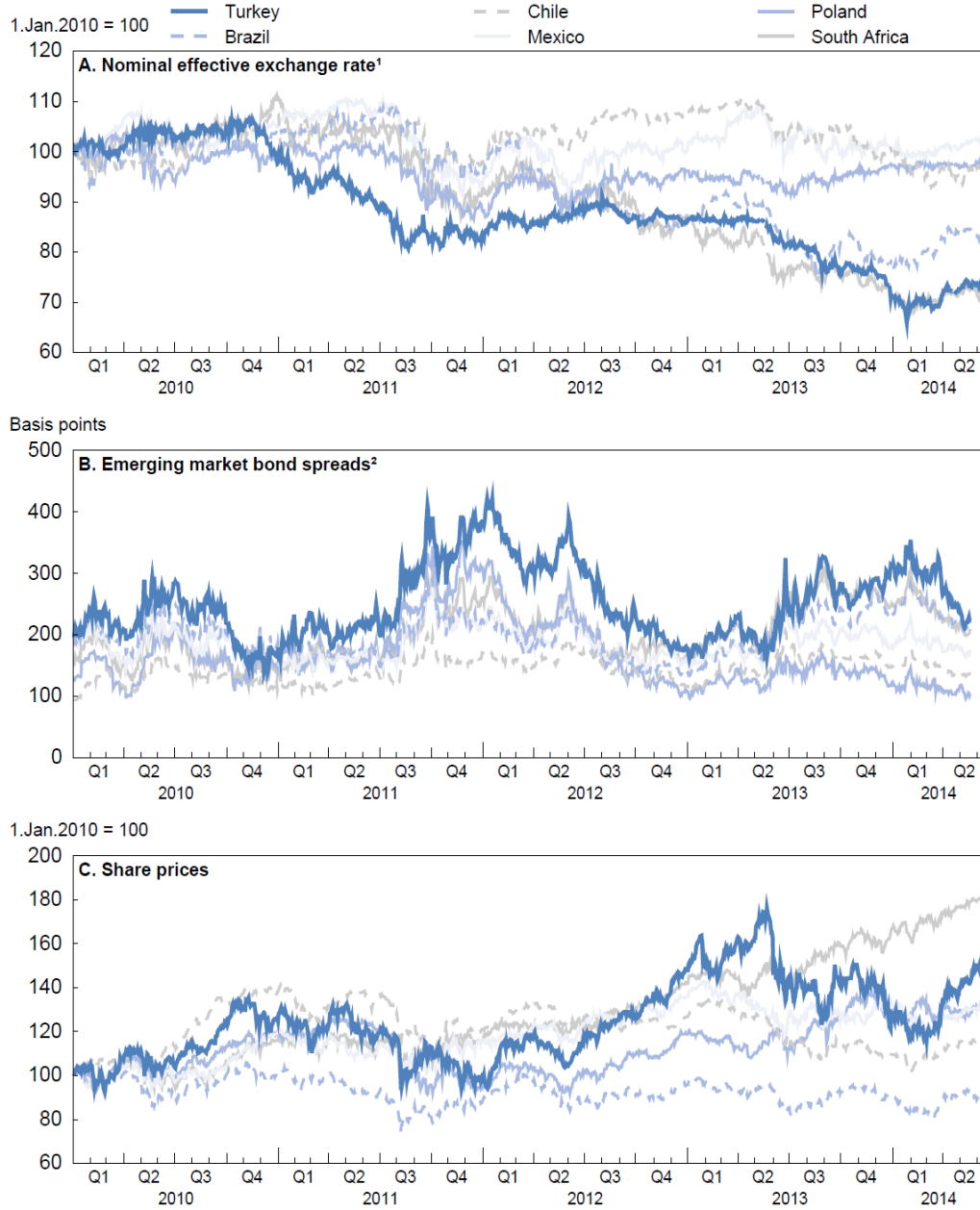
	Y	K	Ku	L	Lh	H	AS	Ash	Asuh	AHJ
Growth rate (%)										
1971-1979	4.7	7.9		1.9	1.3		0.9	1.3		
1980-1989	3.9	4.6	7.1	1.6	1.1		1.4	1.7		
1990-2001	3.2	5.2	5.0	1.4	1.7	2.2	0.6	0.4	0.5	0.1
2002-2011	5.2	4.5	5.1	2.1	1.8	2.9	2.3	2.6	2.4	1.8
2002-2006	7.0	3.9	6.5	0.9	0.9	2.1	5.1	5.1	4.3	4.3
2007-2011	3.4	5.1	3.6	3.3	2.6	3.8	-0.4	0.0	0.5	-0.8
Contribution (%)										
1971-1979		53.9		27.8	18.2		18.3	27.9		
1980-1989		37.8	57.9	26.9	18.2		35.3	44.0		
1990-2001		51.3	49.1	29.0	35.8	45.6	19.7	12.8	15.0	3.1
2002-2011		27.7	31.5	27.3	22.9	38.4	45.0	49.4	45.6	33.9
2002-2006		17.9	30.2	8.5	8.7	20.3	73.7	73.5	61.1	61.9
2007-2011		47.5	34.1	65.5	51.7	75.2	-13.0	0.9	14.3	-22.6

*CKR approach is used for growth accounting. This approach yields $\alpha=32.14\%$, $\delta=2.32\%$ for considered period. **Y** is used for GDP, **K** for capital, **L** for number of employees, **H** for schooling adjusted labor. **Ku** denotes capacity-adjusted capital, **Lh** denotes total hours worked in the economy. Similarly, **AS** is total factor productivity growth (TFPG) using number of employees, **Ash** is TFPG using total hours worked, **ASuh** is TFPG using total hours worked and capacity-adjusted capital, **AHJ** is TFPG using schooling adjusted labor.*

Source: Atiyas Izak, Bakis Ozan, "Aggregate and Sectoral TFP Growth in Turkey: A Growth Accounting Exercise" TÜSIAD – Sabancı Üniversitesi Rekabet Forumu, Working Paper No. 2013-1

Figure 2 shows the effects of global economic crisis on the financial indicators of Turkey, after the global economic crisis, economic indicators returns pre-crisis values.

Figure 2. The Effects of Global Economic Crisis on the Financial Indicators of Turkey



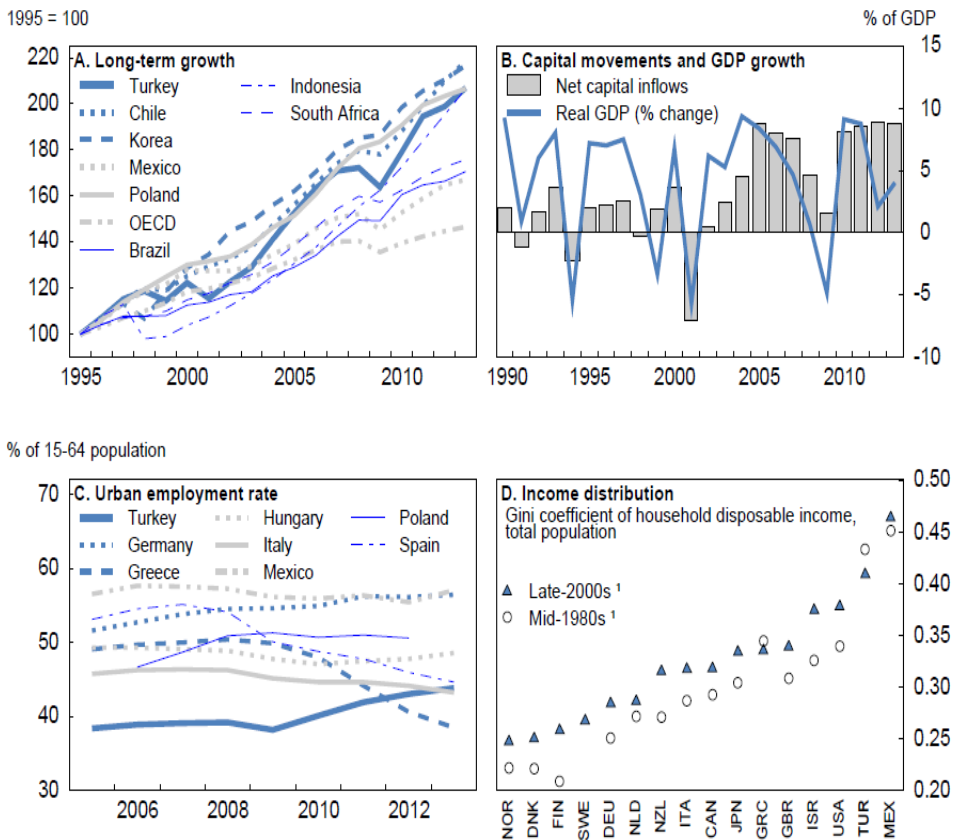
1. An increase in the nominal effective exchange rate (NEER) implies its appreciation.

2. JPM EMBI global diversified stripped spreads, showing the yield gap in basis points between a JPMorgan emerging market bond index (EMBI), stripping out any credit enhancements such as principal and/or interest collateral, and US Treasuries.

Source: OECD (2014). OECD Economic Surveys TURKEY, OECD

Figure 3 shows Turkish economic growth, economics growth furthers social inclusion but remains volatile after 1995.

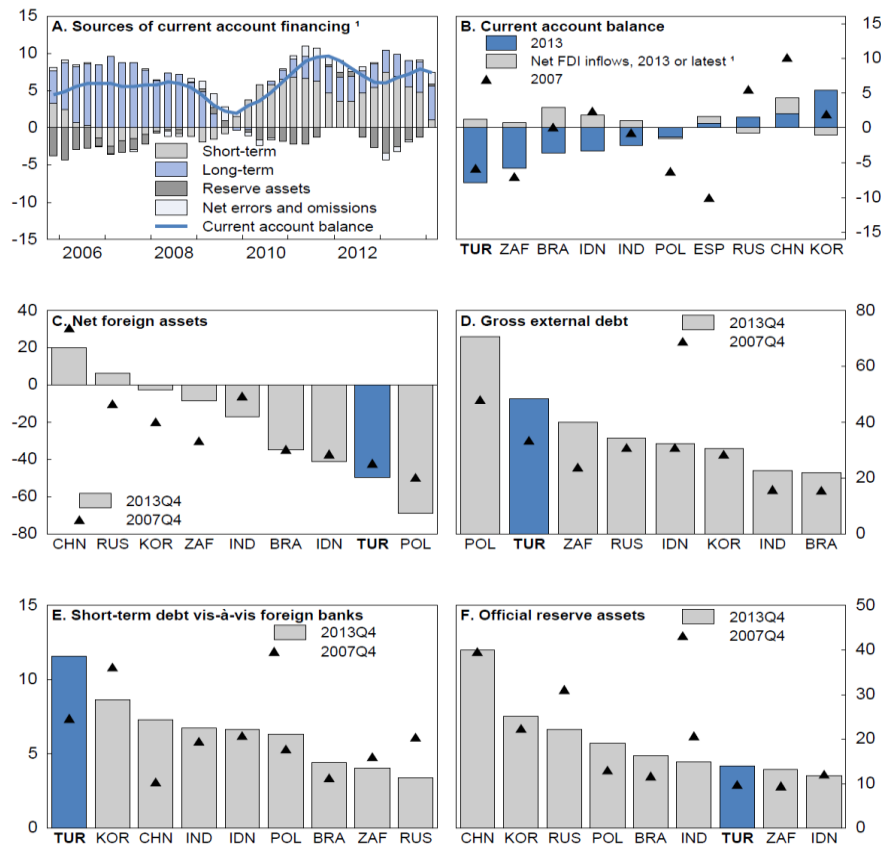
Figure 3. Growth Furthers Social Inclusion but Remains Volatile



Source: OECD (2014). OECD Economic Surveys TURKEY, OECD

Figure 4 shows that for Turkish economy, external vulnerabilities are high and have increased since the global financial crisis in per cent of GDP. Current account balance also vulnerable because of high foreign dependency in energy and technology.

Figure 4. External vulnerabilities are high and have increased since the global financial crisis in per cent of GDP



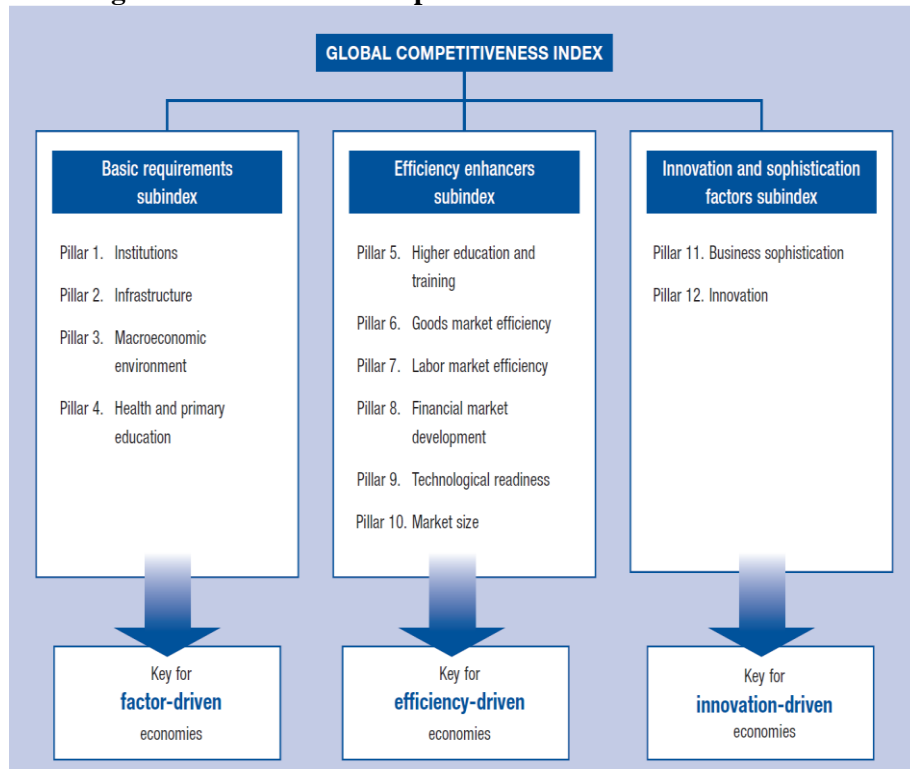
(1) Rolling 4-quarter sum as percentage of moving average GDP. Short-term inflows refer to the sum of portfolio investment and short-term other investment net inflows. Long-term inflows refer to the sum of FDI, bond issues and long-term other investment net inflows.

Source: OECD (2014). OECD Economic Surveys TURKEY, OECD

3. MEASURING OF GLOBAL COMPETITIVENESS AND DETERMINANTS OF GLOBAL COMPETITIVENESS OF THE TURKISH ECONOMY

World Economic Forum (2014) defined competitiveness “as the set of institutions, policies, and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be reached by an economy. The productivity level also determines the rates of return obtained by investments in an economy, which in turn are the fundamental drivers of its growth rates. In other words, a more competitive economy is one that is likely to grow faster over time”. Figure 5 shows the global competitiveness index framework consisting of basic requirements, efficiency enhancers and innovation and sophistication factors.

Figure 5. The Global Competitiveness Index Framework



Source: World Economic Forum, the Global Competitiveness Report 2014–2015, Klaus Schwab (Edt). WEF, 2014

Table 3 shows subindex weights and income thresholds for stages of development, Stage 1 means lower than 2000 US \$ per capita, Stage 2 means between 3000 – 8999 US \$ per capita, Stage 3 means upper than 17000 US \$ per capita.

Table 3. Subindex Weights and Income Thresholds for Stages of Development

	STAGE OF DEVELOPMENT				
	Stage 1: Factor-driven	Transition from stage 1 to stage 2	Stage 2: Efficiency-driven	Transition from stage 2 to stage 3	Stage 3: Innovation-driven
GDP per capita (US\$) thresholds*	<2,000	2,000–2,999	3,000–8,999	9,000–17,000	>17,000
Weight for basic requirements	60%	40–60%	40%	20–40%	20%
Weight for efficiency enhancers	35%	35–50%	50%	50%	50%
Weight for innovation and sophistication factors	5%	5–10%	10%	10–30%	30%

Source: World Economic Forum, The Global Competitiveness Report 2014–2015, Klaus Schwab (Edt). WEF, 2014

Table 4 shows countries/economies at each stage of development. The Turkish economy is at transition stage from stage 2 to 3.

In the literature there are many studies on Turkish competitiveness in micro-economic and macroeconomic level. Akgüngör et al (2002), Erzan and Filiztekin (1997), Kotan and Sayan (2002), Özçelik and Taymaz (2004), Serin and Civan (2008), Utkulu and Seymen (2004a, 2004b), Yılmaz (2002, 2003), Cinicioğlu et al (2012), Karagülle (2012), Hızıroğlu et al (2012), Ülengin et al (2014), Şener and Sarıdoğan (2011), Murat et al (2014), Önsel et al (2008), Özer et al (2012). Main findings of these studies varies by sector and analysis period. Competitiveness level of Turkish economy is getting improving in terms of macroeconomic indicators.

Table 4. Countries/Economies at Each Stage of Development

Stage 1: Factor-driven (37 economies)	Transition from stage 1 to stage 2 (16 economies)	Stage 2: Efficiency-driven (30 economies)	Transition from stage 2 to stage 3 (24 economies)	Stage 3: Innovation-driven (37 economies)
Bangladesh	Algeria	Albania	Argentina	Australia
Burkina Faso	Angola	Armenia	Bahrain	Austria
Burundi	Azerbaijan	Bulgaria	Barbados	Belgium
Cambodia	Bhutan	Cape Verde	Brazil	Canada
Cameroon	Bolivia	China	Chile	Cyprus
Chad	Botswana	Colombia	Costa Rica	Czech Republic
Côte d'Ivoire	Gabon	Dominican Republic	Croatia	Denmark
Ethiopia	Honduras	Egypt	Hungary	Estonia
Gambia, The	Iran, Islamic Rep.	El Salvador	Kazakhstan	Finland
Ghana	Kuwait	Georgia	Latvia	France
Guinea	Libya	Guatemala	Lebanon	Germany
Haiti	Moldova	Guyana	Lithuania	Greece
India	Mongolia	Indonesia	Malaysia	Hong Kong SAR
Kenya	Philippines	Jamaica	Mauritius	Iceland
Kyrgyz Republic	Saudi Arabia	Jordan	Mexico	Ireland
Lao PDR	Venezuela	Macedonia, FYR	Oman	Israel
Lesotho		Montenegro	Panama	Italy
Madagascar		Morocco	Poland	Japan
Malawi		Namibia	Russian Federation	Korea, Rep.
Mali		Paraguay	Seychelles	Luxembourg
Mauritania		Peru	Suriname	Malta
Mozambique		Romania	Turkey	Netherlands
Myanmar		Serbia	United Arab Emirates	New Zealand
Nepal		South Africa	Uruguay	Norway
Nicaragua		Sri Lanka		Portugal
Nigeria		Swaziland		Puerto Rico
Pakistan		Thailand		Qatar
Rwanda		Timor-Leste		Singapore
Senegal		Tunisia		Slovak Republic
Sierra Leone		Ukraine		Slovenia
Tajikistan				Spain
Tanzania				Sweden
Uganda				Switzerland
Vietnam				Taiwan, China
Yemen				Trinidad and Tobago
Zambia				United Kingdom
Zimbabwe				United States

Source: World Economic Forum, the Global Competitiveness Report 2014–2015, Klaus Schwab (Edt). WEF, 2014

Table 5 shows the global competitiveness index 2014–2015 rankings and 2013–2014 comparisons. The rank of the Turkish economy is 45 for 2014–2015 ranking.

Table 5. The Global Competitiveness Index 2014–2015 Rankings and 2013–2014 Comparisons

Country/Economy	Rank (out of 144)	Score (1–7)	Rank among 2013–2014 economies*	GCI 2013– 2014 rank (out of 148)†
Switzerland	1	5.70	1	1
Singapore	2	5.65	2	2
United States	3	5.54	3	5
Finland	4	5.50	4	3
Germany	5	5.49	5	4
Japan	6	5.47	6	9
Hong Kong SAR	7	5.46	7	7
Netherlands	8	5.45	8	8
United Kingdom	9	5.41	9	10
Sweden	10	5.41	10	6
Norway	11	5.35	11	11
United Arab Emirates	12	5.33	12	19
Denmark	13	5.29	13	15
Taiwan, China	14	5.25	14	12
Canada	15	5.24	15	14
Qatar	16	5.24	16	13
New Zealand	17	5.20	17	18
Belgium	18	5.18	18	17
Luxembourg	19	5.17	19	22
Malaysia	20	5.16	20	24
Austria	21	5.16	21	16
Australia	22	5.08	22	21
France	23	5.08	23	23
Saudi Arabia	24	5.06	24	20
Ireland	25	4.98	25	28
Korea, Rep.	26	4.96	26	25
Israel	27	4.95	27	27
China	28	4.89	28	29
Estonia	29	4.71	29	32
Iceland	30	4.71	30	31
Thailand	31	4.66	31	37
Puerto Rico	32	4.64	32	30
Chile	33	4.60	33	34
Indonesia	34	4.57	34	38
Spain	35	4.55	35	35
Portugal	36	4.54	36	51
Czech Republic	37	4.53	37	46
Azerbaijan	38	4.53	38	39
Mauritius	39	4.52	39	45
Kuwait	40	4.51	40	36
Lithuania	41	4.51	41	48
Latvia	42	4.50	42	52
Poland	43	4.48	43	42
Bahrain	44	4.48	44	43
Turkey	45	4.46	45	44
Oman	46	4.46	46	33
Malta	47	4.45	47	41
Panama	48	4.43	48	40
Italy	49	4.42	49	49
Kazakhstan	50	4.42	50	50

Source: World Economic Forum, The Global Competitiveness Report 2014–2015, Klaus Schwab (Edt). World Economic Forum, 2014

Table 6 shows global competitiveness index indicators for Turkish economy. Global competitiveness index indicators rank is 45, basic requirement rank is 56, efficiency enhancers rank is 45, innovation and sophistication factors rank is 51.

Table 6. Global Competitiveness Index Indicators for Turkish Economy

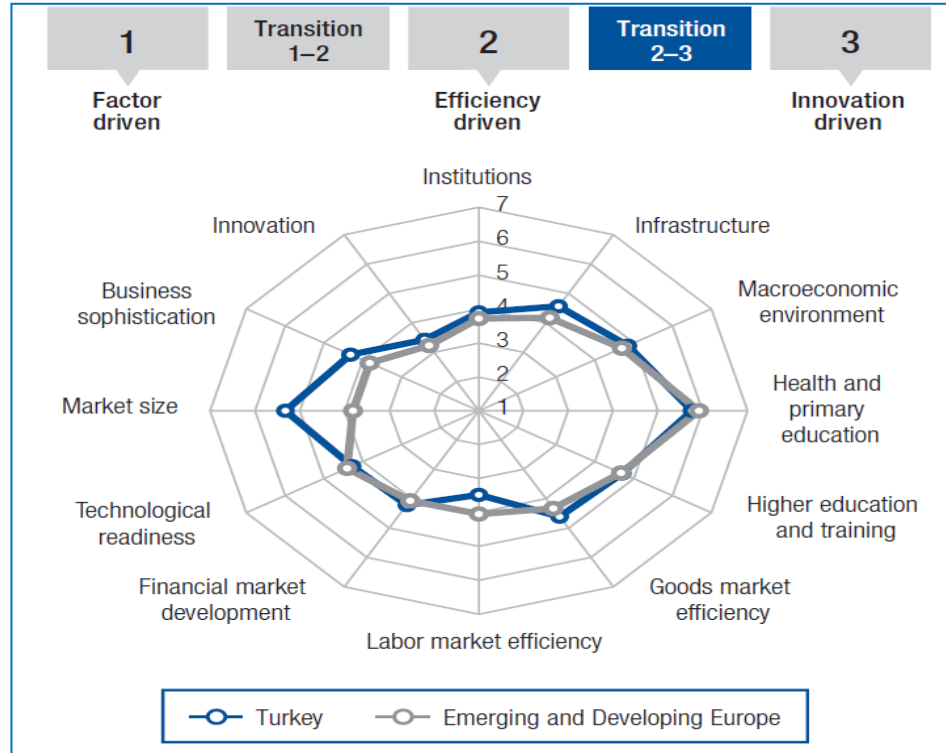
	Rank (out of 144)	Score (1–7)
GCI 2014–2015	45	4.5
GCI 2013–2014 (out of 148)	44	4.5
GCI 2012–2013 (out of 144)	43	4.5
GCI 2011–2012 (out of 142)	59	4.3
Basic requirements (35.5%)	56	4.8
Institutions	64	3.9
Infrastructure	51	4.6
Macroeconomic environment	58	4.8
Health and primary education	69	5.8
Efficiency enhancers (50.0%)	45	4.4
Higher education and training	50	4.7
Goods market efficiency	43	4.6
Labor market efficiency	131	3.5
Financial market development	58	4.2
Technological readiness	55	4.3
Market size	16	5.3
Innovation and sophistication factors (14.5%)	51	3.9
Business sophistication	50	4.3
Innovation	56	3.4

Source: World Economic Forum, The Global Competitiveness Report 2014–2015, Klaus Schwab (Edt). WEF, 2014

Figure 6 shows the stage of development and global competitiveness index indicators for Turkish Economy. Turkish economy has a competitive advantage in terms of market size, other indicators are the similar for the other countries.

Table 7 shows the most problematic factors for doing business for Turkish Economy. Inefficient government bureaucracy, political instability, inadequately educated workforce, tax rates, access to financing, inadequate supply of infrastructure and tax regulations are one of the most problematic factors affecting doing business negatively.

Figure 6. Stage of Development and Global Competitiveness Index Indicators for Turkish Economy



Source: World Economic Forum, The Global Competitiveness Report 2014–2015, Klaus Schwab (Edt). WEF, 2014

Table 7. The Most Problematic Factors for Doing Business for Turkish Economy

Inefficient government bureaucracy	11.7
Policy instability	11.5
Inadequately educated workforce.....	10.9
Tax rates.....	10.8
Access to financing	9.2
Foreign currency regulations.....	7.1
Inadequate supply of infrastructure.....	6.7
Tax regulations	6.6
Corruption	5.1
Government instability/coups	5.0
Restrictive labor regulations.....	4.4
Inflation.....	4.0
Insufficient capacity to innovate	2.8
Poor work ethic in national labor force	2.2
Poor public health	1.0
Crime and theft	0.9

Source: World Economic Forum, The Global Competitiveness Report 2014–2015, Klaus Schwab (Edt). WEF, 2014

Table 8 shows the global competitiveness index indicators in detail for Turkish Economy. There are important problems for global competitiveness for Turkish economy in institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

Table 8. The Global Competitiveness Index Indicators in detail for Turkish Economy

INDICATOR	VALUE	RANK/144
1st pillar: Institutions		
1.01 Property rights	4.6	47
1.02 Intellectual property protection	3.7	72
1.03 Diversion of public funds	3.2	74
1.04 Public trust in politicians	3.1	62
1.05 Irregular payments and bribes	4.3	54
1.06 Judicial independence	3.1	101
1.07 Favoritism in decisions of government officials	3.2	59
1.08 Wastefulness of government spending	3.7	37
1.09 Burden of government regulation	3.5	71
1.10 Efficiency of legal framework in settling disputes	3.8	56
1.11 Efficiency of legal framework in challenging regs.	3.5	52
1.12 Transparency of government policymaking	4.4	42
1.13 Business costs of terrorism	4.0	123
1.14 Business costs of crime and violence	4.5	67
1.15 Organized crime	4.4	90
1.16 Reliability of police services	3.6	103
1.17 Ethical behavior of firms	4.0	68
1.18 Strength of auditing and reporting standards	4.8	66
1.19 Efficacy of corporate boards	4.4	79
1.20 Protection of minority shareholders' interests	4.3	57
1.21 Strength of investor protection, 0–10 (best)*	6.3	34
2nd pillar: Infrastructure		
2.01 Quality of overall infrastructure	5.1	33
2.02 Quality of roads	4.9	40
2.03 Quality of railroad infrastructure	3.1	49
2.04 Quality of port infrastructure	4.4	57
2.05 Quality of air transport infrastructure	5.4	34
2.06 Available airline seat km/week, millions*	2,503.6	17
2.07 Quality of electricity supply	4.8	72
2.08 Mobile telephone subscriptions/100 pop.*	93.0	105
2.09 Fixed telephone lines/100 pop.*	18.1	65
3rd pillar: Macroeconomic environment		
3.01 Government budget balance, % GDP*	–1.5	43
3.02 Gross national savings, % GDP*	13.7	117
3.03 Inflation, annual % change*	7.5	122
3.04 General government debt, % GDP*	35.8	53
3.05 Country credit rating, 0–100 (best)*	55.5	60
4th pillar: Health and primary education		
4.01 Malaria cases/100,000 pop.*	0.0	1
4.02 Business impact of malaria	6.2	7
4.03 Tuberculosis cases/100,000 pop.*	22.0	49
4.04 Business impact of tuberculosis	6.1	49
4.05 HIV prevalence, % adult pop.*	<0.1	1
4.06 Business impact of HIV/AIDS	6.1	41
4.07 Infant mortality, deaths/1,000 live births*	12.2	63
4.08 Life expectancy, years*	74.9	59
4.09 Quality of primary education	3.5	94
4.10 Primary education enrollment, net %*	94.0	68
5th pillar: Higher education and training		
5.01 Secondary education enrollment, gross %*	86.1	84
5.02 Tertiary education enrollment, gross %*	69.4	28
5.03 Quality of the education system	3.4	89
5.04 Quality of math and science education	3.5	98
5.05 Quality of management schools	3.8	100
5.06 Internet access in schools	4.7	58
5.07 Availability of research and training services	4.4	57
5.08 Extent of staff training	3.8	91
6th pillar: Goods market efficiency		
6.01 Intensity of local competition	5.9	11
6.02 Extent of market dominance	4.2	39
6.03 Effectiveness of anti-monopoly policy	4.7	26
6.04 Effect of taxation on incentives to invest	3.5	90
6.05 Total tax rate, % profits*	40.2	78

INDICATOR	VALUE	RANK/144
6th pillar: Goods market efficiency (cont'd.)		
6.06 No. procedures to start a business*	6	57
6.07 No. days to start a business*	6.0	21
6.08 Agricultural policy costs	3.7	77
6.09 Prevalence of trade barriers	4.3	77
6.10 Trade tariffs, % duty*	5.1	69
6.11 Prevalence of foreign ownership	4.1	102
6.12 Business impact of rules on FDI	4.4	71
6.13 Burden of customs procedures	3.8	83
6.14 Imports as a percentage of GDP*	33.1	106
6.15 Degree of customer orientation	5.1	32
6.16 Buyer sophistication	3.5	67
7th pillar: Labor market efficiency		
7.01 Cooperation in labor-employer relations	4.0	96
7.02 Flexibility of wage determination	5.3	49
7.03 Hiring and firing practices	3.9	67
7.04 Redundancy costs, weeks of salary*	29.8	128
7.05 Effect of taxation on incentives to work	3.3	98
7.06 Pay and productivity	3.8	81
7.07 Reliance on professional management	4.3	63
7.08 Country capacity to retain talent	3.2	86
7.09 Country capacity to attract talent	2.9	100
7.10 Women in labor force, ratio to men*	0.43	130
8th pillar: Financial market development		
8.01 Availability of financial services	5.2	35
8.02 Affordability of financial services	4.9	37
8.03 Financing through local equity market	3.9	45
8.04 Ease of access to loans	2.9	64
8.05 Venture capital availability	2.5	90
8.06 Soundness of banks	5.7	38
8.07 Regulation of securities exchanges	4.6	48
8.08 Legal rights index, 0–10 (best)*	4	96
9th pillar: Technological readiness		
9.01 Availability of latest technologies	5.3	45
9.02 Firm-level technology absorption	5.2	37
9.03 FDI and technology transfer	5.1	28
9.04 Individuals using Internet, %*	46.3	72
9.05 Fixed broadband Internet subscriptions/100 pop.*	11.2	59
9.06 Int'l Internet bandwidth, kb/s per user*	65.5	40
9.07 Mobile broadband subscriptions/100 pop.*	32.3	62
10th pillar: Market size		
10.01 Domestic market size index, 1–7 (best)*	5.2	16
10.02 Foreign market size index, 1–7 (best)*	5.5	26
10.03 GDP (PPP\$ billions)*	1,174.2	16
10.04 Exports as a percentage of GDP*	23.6	118
11th pillar: Business sophistication		
11.01 Local supplier quantity	5.3	14
11.02 Local supplier quality	4.7	49
11.03 State of cluster development	4.3	36
11.04 Nature of competitive advantage	3.2	95
11.05 Value chain breadth	4.0	54
11.06 Control of international distribution	4.6	26
11.07 Production process sophistication	4.5	36
11.08 Extent of marketing	4.6	42
11.09 Willingness to delegate authority	3.6	88
12th pillar: Innovation		
12.01 Capacity for innovation	3.7	77
12.02 Quality of scientific research institutions	3.9	64
12.03 Company spending on R&D	2.9	89
12.04 University-industry collaboration in R&D	3.7	61
12.05 Gov't procurement of advanced tech products	4.2	17
12.06 Availability of scientists and engineers	4.2	59
12.07 PCT patents, applications/million pop.*	6.8	42

Source: Klaus Schwab (Edt). The Global Competitiveness Report 2014–2015, World Economic Forum, 2014

CONCLUSION

Turkish economy has a strong economic growth potential with dynamic economic agents under the political and economic stability conditions. Global competition conditions are sharpening and turning into more complex structure in the world economy. Under the highly competitive conditions, Turkish economy needs to increase her competitiveness against the closest competitors. In this context, main aim of this study is to investigate the competitiveness structure of Turkish economy by considering The Global Competitiveness Report of World Economic Forum. Main result of the study is that Turkish economy have to increase her competitiveness structure especially in the fields of export capacity, the institutional quality and efficiency, labour market efficiency, national savings, educational quality, innovation capacity.

REFERENCES

- Akgüngör Sedef, Barbaros R. Funda and Kumral Nese (2002). "Competitiveness of the Turkish Fruit and Vegetable Processing Industry in the European Union Market" *Russian and East European Finance and Trade* Vol. 38, No. 3, 34-53
- Cinicioglu Esmâ Nur, Önsel Sule, Ülengin Füsün, (2012) "Competitiveness analysis of automotive industry in Turkey using Bayesian networks" *Expert Systems with Applications* 39, 10923–10932
- Erzan Refik, and Filiztekin Alpay (1997). "Competitiveness of Turkish SMSEs in the Customs Union" *European Economic Review*, Volume 41, Issues 3–5, 881–892
- Hiziroglu Abdulkadir, Hiziroglu Mahmut, Kokcam Abdullah Hulusi, (2012) "Competitiveness in Services: Turkey versus European Union" *Procedia - Social and Behavioral Sciences* 62, 436 – 440 WCBEM 2012
- Karagülle Ali Özgür (2012), "International Conference on Leadership, Technology and Innovation Management Green business for sustainable development and competitiveness: an overview of Turkish logistics industry" *Procedia - Social and Behavioral Sciences* 41, 456 – 460
- Kotan Zelal and Sayan Serdar., (2002). "A Comparative Investigation of the Price Competitiveness of Turkish and Southeast Asian Exports in the European Union Market, 1990-1997" *Emerging Markets Finance & Trade* Vol. 38, No. 4, 59-85
- Murat S., Hobikoğlu E.H., Dalyancı L., (2014) "Structure and Sustainability of Current Account Deficit in Turkish Economy" *10th International Strategic*

- Management Conference, Procedia - Social and Behavioral Sciences 150, 977 – 984
- Önsel Ş., Ülengin F., Ulusoy G., Aktaş E., Kabak Ö., Topçu Y.İ., (2008), "A new perspective on the competitiveness of nations" Socio-Economic Planning Sciences 42 (2008) 221–246
- Özçelik Emre, and Taymaz Erol (2004). "Does innovativeness matter for international competitiveness in developing countries?: The case of Turkish manufacturing industries" Research Policy, V.33,I.3, 409–424
- Özer K. O., Latif H., Saruşık M., Ergün Ö., (2012) "International Competitive Advantage of Turkish Tourism Industry: A Comparative Analyse of Turkey and Spain By Using The Diamond Model of M. Porter" 8th International Strategic Management Conference, Procedia - Social and Behavioral Sciences 58, 1064–1076
- Sener S., Sarıdoğan E., (2011) "The Effects Of Science-Technology-Innovation On Competitiveness And Economic Growth" The 7th International Strategic Management Conference, Procedia Social and Behavioral Sciences 24, 815–828
- Serin Vildan and Civan Abdulkadir., (2008). "Revealed Comparative Advantage and Competitiveness: A Case Study for Turkey towards the EU" Journal of Economic and Social Research 10(2) 25-41
- Ülengin F., Önsel S., Aktas E., Kabak Ö., Özaydın Ö.,(2014) "A decision support methodology to enhance the competitiveness of the Turkish automotive industry" European Journal of Operational Research 234 789–801
- Utkulu, U. and Seymen D., (2004b). "Revealed Comparative Advantage and Competitiveness: Evidence for Turkey vis-à-vis the EU/15" European Trade Study Group 6th Annual Conference, ETSG 2004, Nottingham, September 2004
- Utkulu, U. and Seymen D., (2004a). "Trade And Competitiveness Between Turkey And The EU: Time Series Evidence" Turkish Economic Association Discussion Paper 2004/8, <http://www.tek.org.tr>, 2004
- Yılmaz Bahri., (2002) "Turkey's Competitiveness in the European Union: A Comparison with Greece, Portugal, Spain, and the EU/12/15" Russian and East European Finance and Trade, Vol. 38, No. 3, 54-72
- Yılmaz Bahri., (2003). "Turkey's Competitiveness In The European Union: A Comparison With Five Candidate Countries - Bulgaria, The Czech Republic, Hungary, Poland, Romania-and The EU15" Ezoneplus Working Paper No. 12