Measuring And Explaining Turkey’s Competitiveness in Services
Using Balassa Index and Diamond Model

Abdulkadir GÜMÜŞ
Sakarya University
Faculty of Management, Sakarya, Turkey
agumus@sakarya.edu.tr

Mahmut HIZIROĞLU
Sakarya University
Faculty of Management, Sakarya, Turkey
hiziroglu@sakarya.edu.tr

Abstract

This study aims investigating the competitiveness of the selected services in Turkey in comparison with the European Union (EU) and the selected EU countries. The main argument of conducting this research stems from the fact that there is a lack of complementary research integrating qualitative and quantitative methodologies in gaining deeper understanding on the competitiveness of the nations in services in the related literature. In order to contribute to the current body of knowledge on that matter, Porter’s Diamond Model and three different revealed comparative advantage indices have been employed in a combined way within the scope of this study. The findings show that strong comparative advantages exist for Turkey in construction, tourism and transportation sectors. Although Turkish financial and insurance and communication and computer-information sectors appear to be weak compared to EU, there is a substantial potential for improvement. The policy decision makers in Turkey and in Europe’s selected countries can utilize the findings and recommendations of the study for projection of the investigated sectors.

Key Words: Revealed comparative advantage, diamond model, service competitiveness, trade in services, competitive advantage