

2011 IT INDUSTRY COMPETITIVENESS INDEX

Turkey

OVERALL RANKING

COUNTRY	2011 RANK	2011 SCORE	2009 RANK	2009 SCORE
United States	1	80.5	1	78.9
United Kingdom	5	68.1	6	70.2
Germany	15	64.1	20	58.1
France	21	59.3	17	59.2
Italy	23	50.7	24	48.5
Czech Republic	27	46.1	26	47.0
Poland	30	44.6	35	40.8
India	34	41.6	44	34.1
China	38	39.8	39	36.7
Brazil	39	39.5	40	36.6
Turkey	41	38.7	46	33.8
Bulgaria	43	38.1	47	33.6
Russia	46	35.2	38	36.8
OECD Average	—	57.3	—	57.1

HIGHLIGHTS

- > Turkey has climbed five places in the 2011 Index, with improvement in several categories.
- > Higher public and private spending on research and increased IT patent activity account for a marked improvement in the R&D category, while enrolment in higher education and science programs have given a boost to the country's IT human capital environment.
- > The IT sector was negatively affected by the recession but with a solid recovery underway, a young population and rising incomes, strong growth is expected, especially in the competitive mobile market.

Turkey achieved a position of joint 41st in the world in the 2011 IT Competitiveness Index, a rise of five places from 46th in 2009. This is mainly due to improvements in its scores for two categories: human capital and the R&D environment.



ABOUT THE INDEX

The IT Industry Competitiveness Index gauges the information technology (IT) industry environment of 66 countries by assessing the enablers of competitiveness and determining their relative importance in IT sector performance. Now in its fourth year, it is the centerpiece of a major program of research, created by the Economist Intelligence Unit for the Business Software Alliance, into the forces that drive the competitiveness of countries' IT industries.

A complete description of the Index indicators, scoring methodology, and definitions, as well as written analysis, case studies, video interviews and other content, can be found at www.bsa.org.

Business environment: The country has fallen four places to 33rd in this category from 2009. Although it maintained its previous scores across all four business environment indicators, other countries near it in the Index have registered greater improvements. Turkey earns positive grades from the Economist Intelligence Unit for the protections extended to private property, for the avoidance of excessive bureaucracy in relation to new businesses, and for the freedom generally enjoyed by businesses to compete.

IT infrastructure: Turkey has slipped two places to rank 46th globally in this category, notwithstanding improvement in most infrastructure indicators. Broadband penetration has increased only marginally since 2009 and remains at a relatively low level (under 10%) in the region. Market spending on IT hardware, software and services, as well as computer ownership are also relatively low in regional terms. Mobile penetration has actually declined since 2009 as a result of the recession and the 2008 introduction of mobile number portability, which has led to a reduction in the number of people with multiple SIM cards (although the number of mobile users may not necessarily have declined). Intense competition is expected in the mobile market, however, as Turkey rolls out its third generation (3G) services.

Human capital: Turkey's performance has improved significantly in this area since the previous study, the country rising seven places to 38th globally. Enrolment levels in both higher education and tertiary-level science programmes are both on the increase, according to figures from UNESCO, and employment in technology is also rising. Turkey's score for the quality of its technology skills and education has also been upgraded, and it now fares favourably with that of other countries in the region.

R&D environment: A vastly improved performance in the R&D category — with a jump of 20 places to 35th — is a major factor in Turkey's rise in the overall Index. On a per capita basis, both public and private sector R&D spending increased significantly in recent years, according to UNESCO. And data from the World Intellectual Property Organization show that the share of Turkey's total patent applications that is IT-related was a respectable 8% in 2007 (the last year of data availability), a significant increase from the 2% registered previously.

Legal environment: Turkey has fallen back one place to 38th in the legal environment category, despite a slight boost in its score through an improvement in the cybercrime law indicator. (The government signed the Council of Europe Cybercrime Convention in 2010, although its signature is yet to be ratified.) In terms of its intellectual property protection and enforcement, Turkey fares favourably compared to most emerging markets but still lags well behind Western European countries.

Support for IT industry development: A slight drop in score has led to a one-position fall in this Index category, to 39th globally. Access to finance enjoyed by technology and other firms has remained relatively stable. However, in another indicator of government influence in the IT market, public spending per capita on IT hardware, software and services is at an extremely low level compared with most European countries. When it comes to state intervention in the sector, and its ability to avoid picking favourite players or technologies, the government gets a mixed grade from the Economist Intelligence Unit.