

SOURCES OF THE SECTORAL GROWTH IN TURKISH ECONOMY

Topic: Productivity and efficiency analysis 4

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The study examines the main components of Turkey's economic growth. Economists have developed various approaches defining and measuring the sources of economic growth. Most of the studies decomposed the growth rate of aggregate output into two main components. One of the component is factor growth and the other component is the residual. Residual is defined as total factor productivity growth. On the basis of input-output model, this paper uses input-output tables of Turkey to analyze main sources of sectoral growth in Turkish economy. The paper measures capital and labor productivity growth and factor growth in the main sector in Turkey. Results show that sources of the growth is changing according to sectors. For example capital growth and labor productivity play an important role in growth of the agriculture sector. In the agricultural sector; there has been an important increase found in labor productivity while a decrease has been found in employment. Productivity of capital and labor growth play a greater role than factor input growth in the mining sector. High proportion of source of economic growth can be explained by the capital and labor productivity growth in both manufacturing and service sector in Turkey.