

Regional Advantages Analysis: An Interactive Approach of Comparative and Competitive Advantages

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Abstract : In regional studies, choosing an appropriate approach to analyze regional success or failure has always been a challenge. Hence, this study introduces an innovative approach to establish a link between regional success and failure in the past as well as the potential success of a region in the future. The former can be sought in the historical evaluation of comparative advantages, while the latter is portrayed as competitive advantage analysis with a forward-looking approach. Based on the interaction of comparative and competitive advantages, activities are classified into four groups, including activities with no advantage, hidden advantage, fragile advantage and synergistic advantage. In analyzing the comparative advantage of activities, the location quotient method is applied, and in analyzing their competitive advantage, Porter's diamond model using the survey method is applied. According to the results, the share of no advantage, fragile advantage, hidden advantage and synergic advantage activities are respectively 10%, 42%, 16%, and 32%. Also, to achieve economic development in regional activities, our model provides various levels of priority. First, the activities with synergistic advantage should be prioritized, then the ones with hidden advantage, and finally the activities with fragile advantage.

Keywords : regional advantage, comparative advantage, competitive advantage, Porter's diamond model

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