Factors That Have Led to Growth in Demand for Services in Developed Countries

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Differentiation between goods and services:

Goods and services are the backbone of trade in any country, and they also differentiate the economic stability of the country. The difference between goods and services helps distinguish the amount of money spent as part of the flow of the economic cycle. The majority of money spent by any country is spent on the goods and services sector. Goods are products that can be seen or touched and consumed by the customer who is spending money on them. The services, on the other hand, are not tangible but tasks that are done by one person to another person. The other most significant difference between goods and services is that goods are purchased first to be consumed, whereas services are mostly consumed first and then paid for. Furthermore, in light of the nature of the services, the economic growth of Australia is analyzed through the importance of consumption, and importance is assumed for the world overall (Williams & Martinez-Perez, 2014; Tietenberg & Lewis, 2018).

The value of services to the Australian and world economy:

The clear example of services needed in order to understand the nature of the Australian economy will be understandable. The goods are food or books, where books are in the nature of being consumed anytime, and food has the nature of being consumed only once. Meanwhile, the services are, in nature, being consumed first and then, later on, paid. The repair of the car by one person to the other person who is the owner is considered to be served. The nature of the services here will be paid for later on. The conceptual and practical difference between the services and goods is clear. The significance of the services sector, as emphasized by the researchers, is that the presence of both service provider and customer is required. The services and goods are important for the developed nations (Keiningham et al., 2015). The economic condition of the country limited the resources of production, whereas the production of the goods is easily done in the developed country as their economic condition provides sufficient means to produce. The feedback from the customer identified differently for both the goods and services. The good quality is seen when the level of good or bad is identified. For the services, the level of satisfaction is analyzed by meeting the expectations of the customer (Chavan & Agarwal, 2016).

Globalization has benefited both the world economy and the Australian services sector. Currently, Australia dominates the whole world in the services sector. Although Australia has an abundance of natural resources that it sells to the whole world, its focus on services has made it the strongest economy. The change of the government's priority was solely based on the success of the long run. They have allocated the resources to the services sector in order to boost economic growth (Bryson et al., 2017). The other reason for changing priorities regarding fiscal policy is to provide equal opportunity, which leads to the distribution of wealth and income equally among the citizens of the country. The third most significant reason for the intervention in fiscal policy is to avoid market failure, which mostly happens in the services production sector. Their service has filled the information gap, providing an edge in the market. The supply of goods takes away the independence of the nation, and the nation starts to depend on the world economy. Now, the Australian economy is not dependent on the world economy. Australia's main sectors of services are financial services, tourism, media, education, and logistics. For example, Commonwealth Bank and National Australian Bank are considered to be the 50 safest banks in the country. 2.5% of the Australian economy depends on the tourism sector and their share of the GDP (Worthington et al., 1999). Care agencies are the changing and growing industry in Australia's services sector. Australia is handling the increase in the population by using this service. The other example is the Rotary Club, which is another significant factor that provides services to the business community in Australia and is considered to be the leading service provider in a similar sector.

The factors that have led to the growth of services in Australia:

The history of Australia is comprised of the liberation of the economy and reforms to make it more flexible. These factors have increased the services industry and boosted the economy. Some of them include the deregulation of financial markets, dollar floating, competition policy, and broadening tax base. All these factors have boosted Australia's economy. Not only the services factor but also these factors increased wages and the standard of living. Apart from the hollowing effect, Australia established the pillars to boost the services sector. They opened their borders for the people to come, and by doing this, they increased the number of skilled people in their country to provide the services. Providing education services has made it even more beneficial for the services sector, which eventually became a factor of economic uplifting. The national competition policy reforms have stated that flexible and efficient policies have been contributing to the uplifting of the services sector (Clulow, Gerstman & Barry, 2003).

The economic factors that will impact the growth of the sector over the coming years:

The economic growth through the services sector of Australia relies on strengthening their services sector. Specifically, if we talk about educational services, many developed nations now provide free educational services that Australia hasn't considered yet. Considering this, changing the policy regarding this particular sector is needed to lead the market. The tourism industry of Australia is also affected by the security conditions throughout the world. The Interior Ministry of Australia made the Visa Requirements strict, which directly affected the tourism industry in Australia. The assumption was made on the basis of reports published in the news. The first impact on the economy happened due to the shutdown of Ford, which caused the loss of 600 jobs (Wheelahan et al., 2012). The economy and the GDP were affected. The mining industry, which was considered the services and goods sector, should not be Australia's priority due to climate change. The resources that are being spent on the mining industry should be spent using sustainability goals, and the environmentally friendly ways and sectors should be promoted. The other effect on Australia's economy is that it will be the growing market leader in China. China is capturing the market through both the goods and services sectors. Australia will be affected by this growing economy. The other biggest risk is in financial services, which will soon cause a crisis in banking. The trump factor is also considered to be a threat to the economy because his policies and attitude have changed as compared to other US leaders, and Australia should consider this when making global economic policies (Hanna et al., 2011).

Conclusions

In conclusion, the overall understanding of goods and services is really important in order to gain knowledge of the workings of the economy. Goods are products that can be seen or touched and consumed by the customer who is spending money on them. The services, on the other hand, are not tangible but tasks that are done by one person to another person. Services and goods are important for the developed nations. The economic condition of the country limited the resources of production, whereas the production of the goods is easily done in the developed country as their economic condition provides sufficient means to produce. The feedback from the customer identified different services. Australia is dominating the whole world when it comes to the services sector. Despite the fact that Australia has an abundance of natural resources that they sell to the whole world but still their focus on services has made the strongest economy. The change in the government's priorities was solely based on long-term success. They have allocated the resources to the services sector in order to boost economic growth. The other reason for changing priorities regarding fiscal policy is to provide equal opportunity, which leads to the distribution of wealth and income equally among the citizens of the country. Commonwealth Bank and National Australian Bank are considered to be the 50 safest banks in the country. 2.5% of the Australian economy depends on the tourism sector and their share of the GDP. They opened their borders for the people to come, and do this, they have increased the skilled people in their country to provide the services. Providing education services has made it even more beneficial for the services sector, which eventually became a factor of economic uplifting. The resources that are being spent on the mining industry should be spent using sustainability goals, and the environmentally friendly ways and sectors should be promoted. The other effect on Australia's economy will be China's growing market leader. China is capturing the market through services. Australia will be affected by this growing economy. The other biggest risk is in financial services, which will soon cause a crisis in banking. The national competition policy reforms have stated that flexible and efficient policies have been contributing to the uplifting of the services sector. The assumption that has been made on the basis of the reports and world conditions should be considered that adaptation to change is crucial for continuous growth.

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