

The Role of ICTs in The Growth of The Service Sector.

(Review of The Experiences of OECD Countries)

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Summary:

This research paper aims to shed light on the successful experiences of the OECD countries, By highlighting the strengths of these countries in terms of structuring their service system, and the ways in which they seek to improve the optimal use of modern information and communication technologies, Through the presentation of its monetary policies in the field of education, tourism, higher education and cultural aspect, as well as highlighting its international rank among the various economies which enables us to know the great impact of these technologies in the creation of the economic leap in services.

Keywords: ICTs; Services Sector; OECD Countries.

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I- Introduction :

The world has never seen progress as much as the services sector is today, so the it assumes a significant job in cutting edge economies, not just in light of its high and developing share in all out **GDP** of over **70%** in most progressive economies or its job for work creation, yet additionally as a significant wellspring of contributions to assembling. The service sector can lead to inclusive growth through backward and forward links (**Arpita Mukherjee, 2013, p 01**), this is because of the great flexibility that characterizes it in its various dealings.

The main feature of modern economies is the expansion of a vibrant and competitive services sector (**Hira Mujahid, Shaista Alam, 2014, p 377**), because it gives a financial situation which is helpful for the development of administrations, in this context **Hoekman and Eschenbach (2005)** found there was positive relationship between the service sector and economic growth, as economic growth rose with service sector growth (**Ibid, p 380**). It is considered the locomotive of the economy and an important stage of the export process of the countries of **OECD**.

There had been a downturn to manufacturing, services had contributed more than two-thirds of the value added in **OECD** countries and has hitherto shown no sign of slumping (**EEUROPEAN COMMISSION, 2007, p 03**), the service sector therefore needs to continue through a new push through ICTs.

On the part of governments and their economic policies, efforts are being made to increase the pace and efficiency of the services sector"the growing awareness of policy-makers of the importance of employment of **ICT** specialists is reflected in a number of the **EU** and **OECD** policy initiatives, including the Agenda for New Skills and Jobs" (**DIRECTORATE FOR SCIENCE, 2015, p 02**). These policies took into account the significant development of information and communication technologies.

The share of transport and communications in total employment, for example, has stagnated and even shrunk in practically all **OECD** countries, but their contribution to **GVA** has clearly increased (**Juan R. Cuadrado-Roura, 2016, p 109**). And the **ICTs** got more than a few highlights of the present influx of mechanical advancement are striking, and it influences the impression of rising disparity in numerous nations, plus a decent proportion of present day indifferent help fare is **ICTs** empowered administrations .

II- Define concepts :

1- Information and communication technologies :

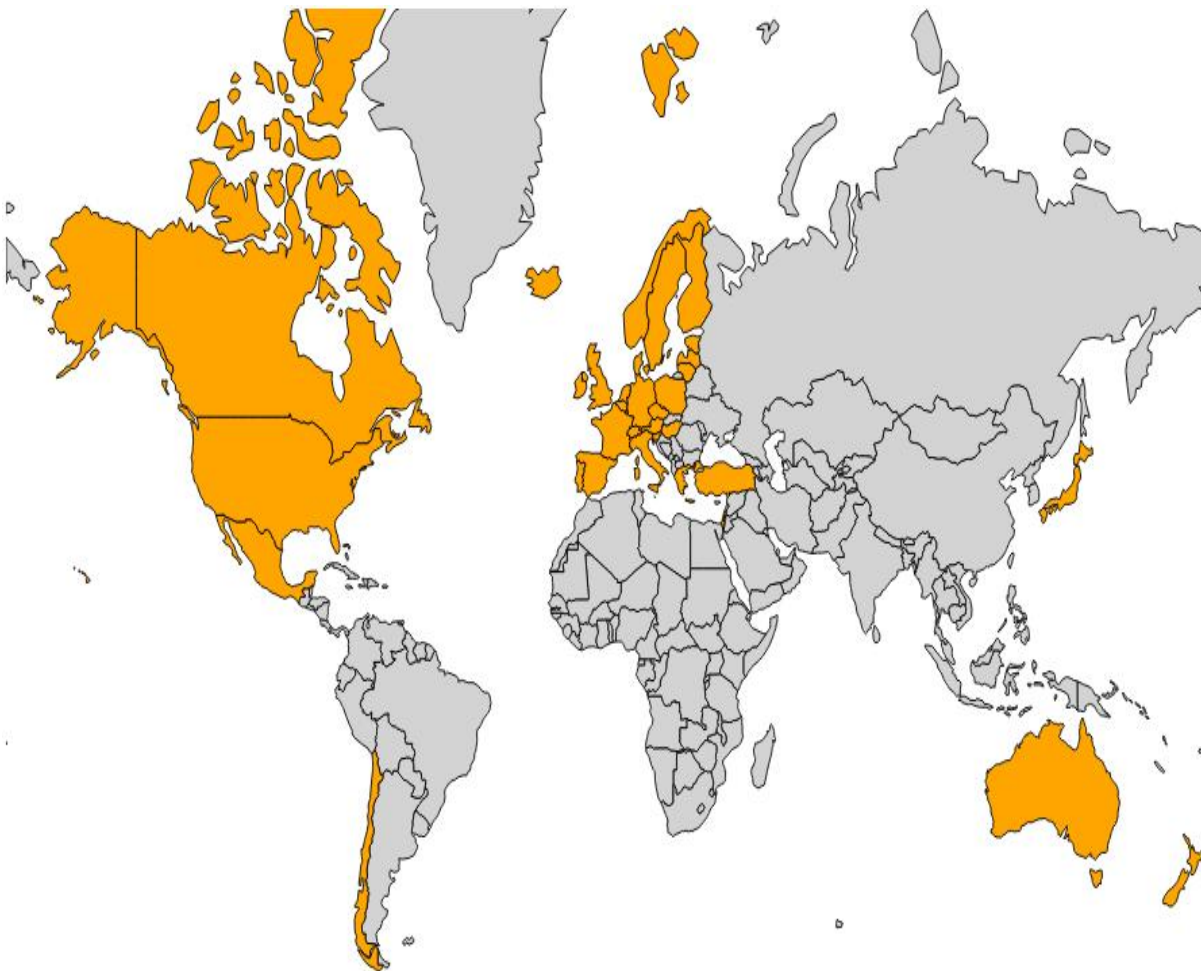
Information and communication technologies (**ICTs**) are broadly defined as technologies used to convey, manipulate and store data by electronic means (**Brian E. Perron and others, 2019**). This is a complicated process, despite the apparent simplicity. And in another form **ICTs** is a generic term referring to technologies that are used for collecting, storing, editing and passing on (communicating) information in various forms (**Eng. S M Kundishora and others, 2019, p 03**). Engaged in economic aspects achieve the equitable distribution of wealth, promote economic parity, and diversify exports.

2- Services Sector:

Include transportation, communication, public utilities, wholesale and retail trade, finance, insurance, real estate, other personal and business services, and government (**RONALD E. KUTSCHER and JEROME A. MARK , p 21**). In spite of this broad definition of the service sector, it remains limited, as it does not take into account the economic role of this sector in moving growth forward. There are differences within the services sector with regard to the contribution of different subsectors to **GDP** and to employment. Consequently, the labour productivity within the services sector is also likely to vary widely (**Jesim Pais, 2014, p 02**). More precisely, all aspects of government support in the state, through official direct or indirect sponsorship, aim to achieve the desired growth

3- OECD Countries:

These are the countries that have joined the Organization for Economic Cooperation and Development (**OECD**). They have common economic agreements and treaties, and those States are:



Source: OECD (world population review, 2019)

Australia, June 7, 1971, Austria, September 29, 1961, Belgium, September 13, 1961, Canada, April 10, 1961, Chile, May 7, 2010, The Czech Republic, December 21, 1995, Denmark, May 30, 1961, Estonia, December 9, 2010, Finland, January 28, 1969, France, August 7, 1961, Germany, September 27, 1961, Greece, September 27, 1961, Hungary, May 7, 1996, Iceland, June 5, 1961, Ireland, August 17, 1961, Italy, March 29, 1962, Japan, April 28, 1974, Korea, December 12, 1996,

Latvia, July 1, 2016, Lithuania, July 5, 2018, Luxembourg, December 7, 1961, Mexico, May 18, 1994, The Netherlands, November 13, 1961, New Zealand, May 29, 1973, Norway, July 4, 1961, Poland, November 22, 1996, Portugal, August 4, 1961, The Slovak Republic, December 14, 2000, Slovenia, July 21, 2010, Spain, August 3, 1961, Sweden, September 28, 1961, Switzerland, September 28, 1961, Turkey, August 2, 1961, The United Kingdom, May 2, 1961, The United States of America, April 12, 1961.

Theoretical framework for measuring ICT development:

Table 1. Theoretical framework for measuring ICT development

Index	UNCTAD (2002)	Mosaic Group (1998)	Mosaic Group (1996)	McConnell International (2001, 2000)	Economist EIU (2001, 2000)	Harvard University Guidelines (2000)	ITU (2001)
<i>Perspective</i>	Technological development	IT development	Defence	Commercial	Commercial	Sociological	Telecoms
<i>Item measured</i>	ICT development	Global diffusion of Internet	IT capability	E-readiness	E-readiness	Networked readiness	Internet access
1.Connectivity (physical capacity; infrastructure)	Internet hosts; telephone mainlines; PCs; mobile subscribers	Pervasiveness; connectivity infrastructure		Connectivity; infrastructure pricing	Connectivity (30%) fixed & mobile, narrow band/broadband	Information infrastructure; software and hardware	Hosts; servers; telephones; PCs
2. Access (wider determinants of access)	Internet users; literacy; average revenue; call costs	Pervasiveness; geographical dispersion	Pervasiveness	Access	Cost of access; availability; affordability	Availability; affordability	Users; subscribers
3. Policy environment	Competition: local loop, long distance, ISP markets; Internet exchange	Organizational infrastructure	Depth of development	E-leadership; E-business climate	Legal and regulatory environment (15%); Business environment (20%)	Legal environment: Telecom and trade policy	ISPs; prices; traffic
4. Usage	Telecom traffic: incoming; outgoing	Sectoral absorption; sophistication of use	Sophistication of usage	Information security	E-commerce (20%); consumer/business use; E-services (10%)	Content B2B; education B2C; E-commerce	
Other			Proximity to technological frontier; indigenization	Human capital	Social and cultural infrastructure (5%) Education/literacy	IT Sector; ICT training	

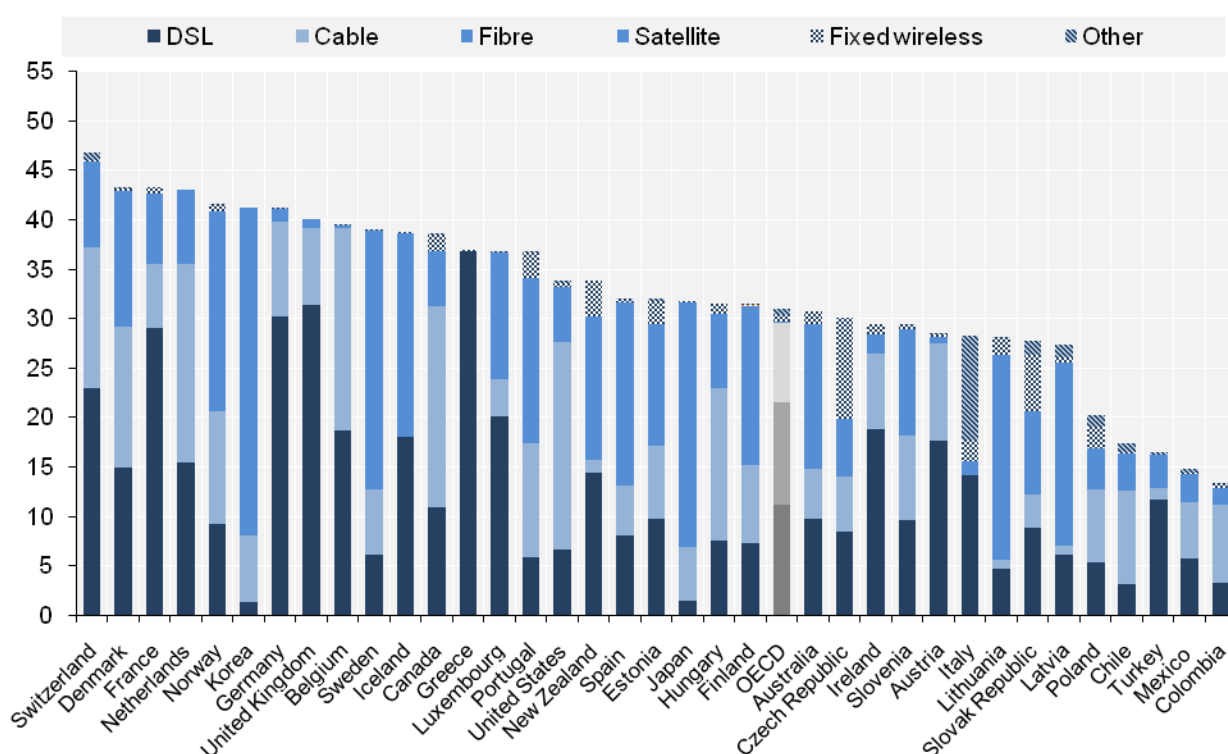
Source : UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD, 2003, p 08).

While we find the service sector discount and retail trade; Transport; Hotels and Restaurants; Construction, Post and Telecommunications; Electricity, Finance, Land and Business Services; Community, Social and Personal Service, Insurance, Storage, Gas and Water Supply. All of them are classical literature, which means that the state takes care of all its basic requirements, to ensure its continuation.

So the Services are not only increasingly responsible for value added, but also for jobs created (Matthias Helble and Ben Shepherd, 2019, p 01). The previous table indicates that there is great importance of information and communication technologies in the social and cultural construction of society, especially its economic system, for example the tourism sector benefits from digital advertising.

We also note the rapid development of these new technologies in various fields, where they have invaded the environmental, political and cultural fields, as well as educational and voluntary, and at the same time supported the progress of these sectors significantly.

OECD Fixed broadband subscriptions per 100 inhabitants, by technology, December 2018



Source: (OECD key indicators, 2019).

We note the continuous progress of Scandinavian countries in the field of high flow, such as Denmark, Finland and Sweden, which governments are working to support the rapid development of quantum computers, by accelerating the pace of the introduction and integration of modern technology in the field of services.

Broad subscriptions accelerate the high flow of the Internet, and the public sector benefits from this leap around the world. Not only at the digital level, but also at the level of innovative devices, such as the 3D printer and its use in the tourism services side, as well as support for commemorative printing from local home furniture, clothing or other solid materials.

Services' share of GDP has grown while industry's has declined

Sector value added to GDP (percent)

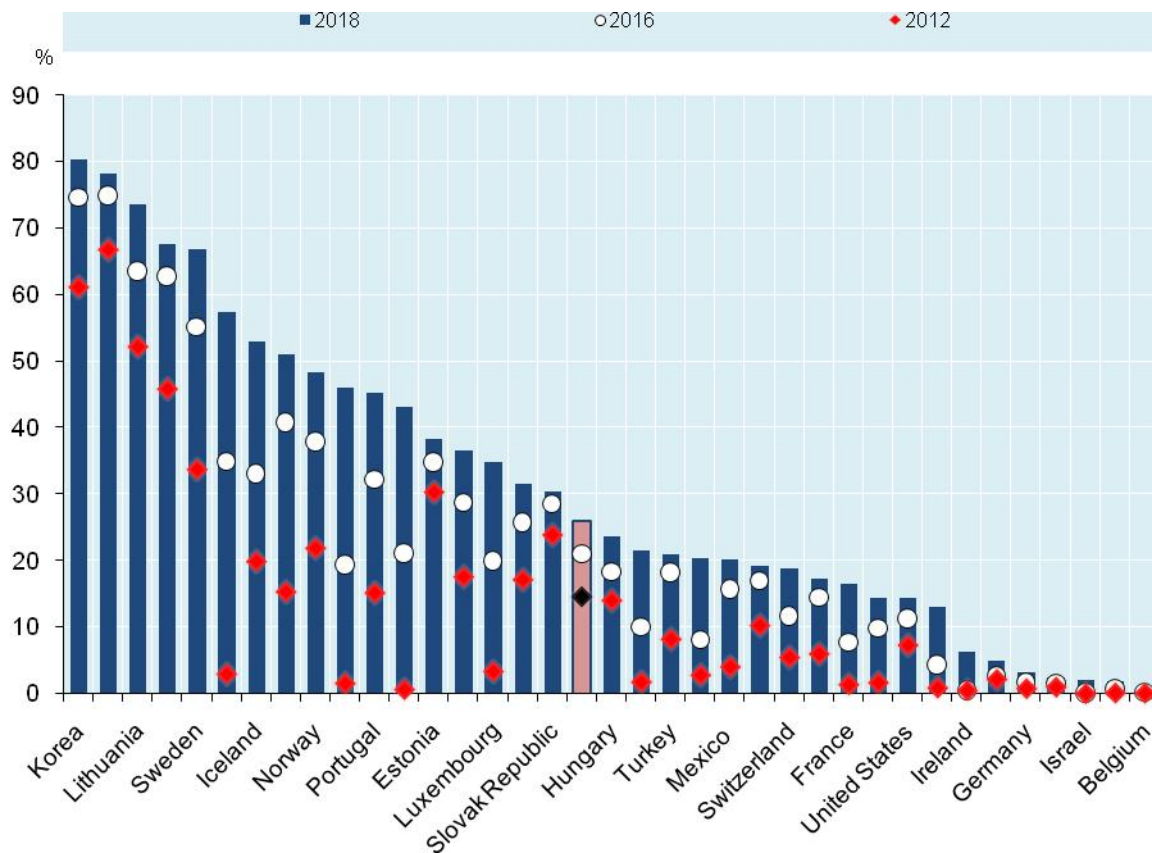


Note: The World Bank's definition of "industry" includes sectors such as mining, manufacturing (also reported as a separate subgroup), construction, electricity, water, and gas.

Source: World Bank national accounts data, OECD national accounts data files, 2017, <https://data.worldbank.org/indicator/>.

Official measurable information don't give much point by point data on exchange administrations. As an unmistakable difference to the assembling segment, where point by point and auspicious information are accessible from a wide scope of nations, work in the area expanded in the entirety of our example nations, and in Chile and France it was the quickest developing part as far as business, then the administrations division isn't just the one segment at all somewhat it is exceptionally expanded. Administrations segment comprises of four noteworthy segments in wold wild distributive, maker, individual and social administrations.

Percentage of fibre connections in total fixed broadband, Dec. 2018

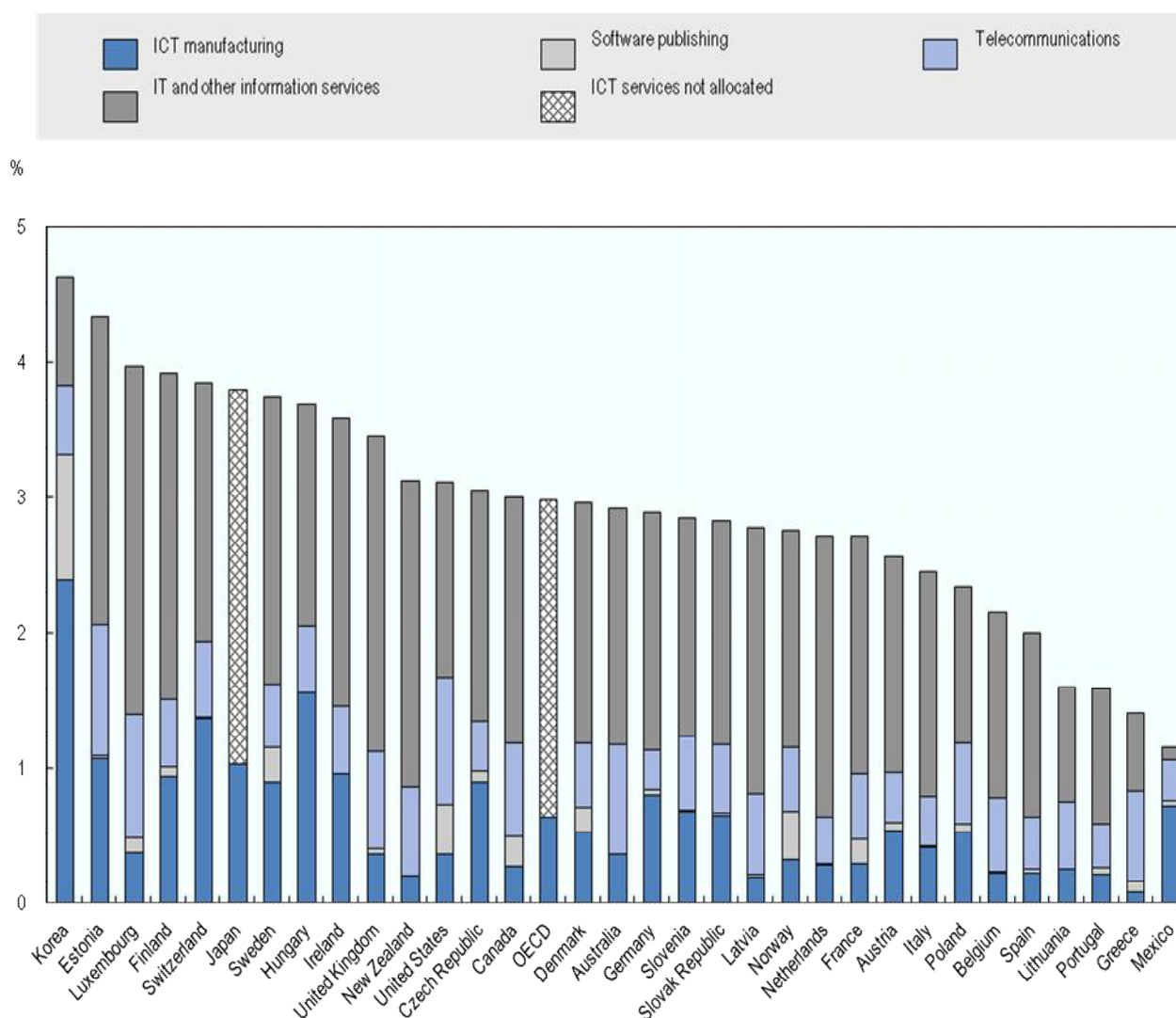


Source: (OECD, OP. Cit.)

South Korea is investing heavily in the fiber communication process, which is borne by the South Korean government, in order to activate the high speed of local and foreign communications. The n the world wild copper associations keep on declining, having dropped by 6 percent between Q4 2016 and Q4 2017, while **FTTH** associations expanded by 28 percent in a similar period, without forgetting the expanding accessibility of **NGA** systems, quick broadband memberships are getting to an ever increasing extent far reaching in many European countries.

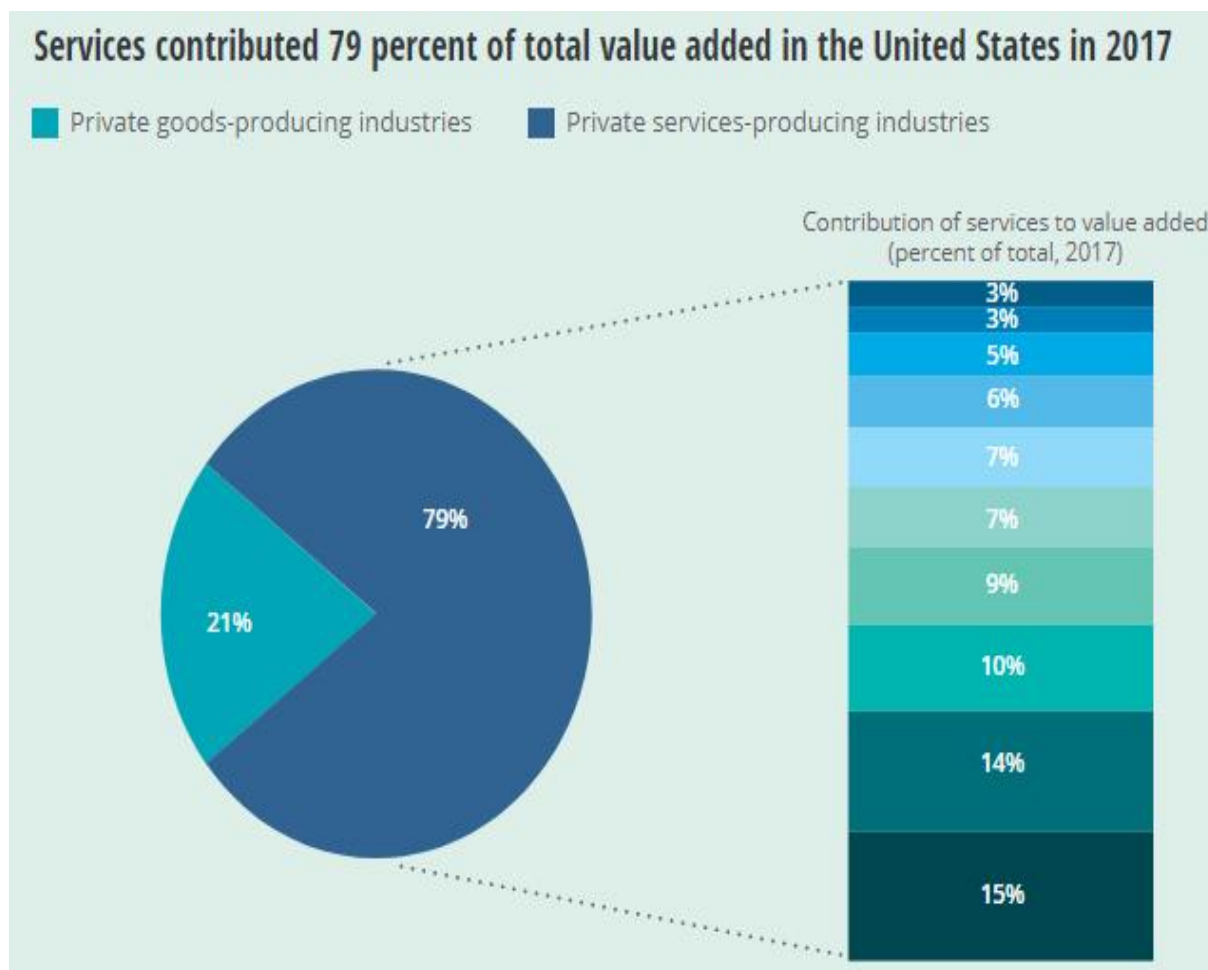
Employment in the ICT sector and sub-sectors, 2015

As a percentage of total employment



Source: (OECD, OP. Cit.)

The advanced economy affects the world's direction and the cultural prosperity of customary natives so without making a great influences everything from asset designation to pay dispersion or running against development, numerous undertakings receive and use data and correspondence advances to accomplish their social crucial. ICT can possibly address the three principle parts of supportability.



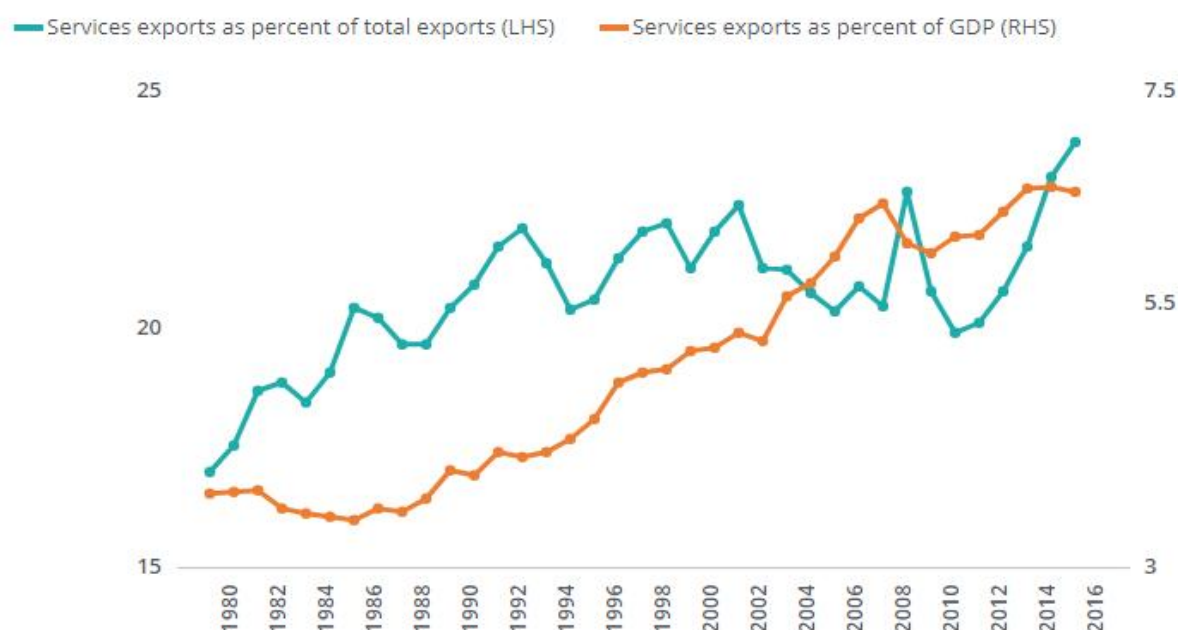
Note: The pie chart on the left represents the distribution of sub-categories of services, all adding up to services' 79 percent share of total value added.

Source: US Bureau of Economic Analysis, sourced from Haver Analytics.

Considering the dollar value of exports, manufactured goods exports remain the largest category at US\$11.6 trillion, but agricultural products and services have been the fastest-growing (5.3 percent and 5.1 percent per year, respectively) between 2006 and 2016, (**US Bureau of Economic Analysis, Op.Cit.**) transportation's commitment to the economy likewise can be estimated as the portion of all uses on transportation-related last merchandise and ventures and the U.S. Universal Trade Commission utilizes them to check the effect of exchange approaches. The Patent and Trademark Office utilizes them to gauge copyright-related enterprises in the last years.

Services exports' share in both total global exports and GDP has grown since 1980

World services exports



Source: World Bank national accounts data, OECD national accounts data files, 2017, <https://data.worldbank.org/indicator/>.

From the chart above, we note that service exports rose from **17** percent in the early **1980s** to **24** percent by the beginning of **2016**, due to the global economic growth achieved during that period, as well as to the policy of supporting the public sector in the **OECD** countries. This has created substantial support for **GDP** compared with the other countries.

III- Conclusion:

At the end, we can say that the objectives of the study have been achieved, where the researchers were able to determine the significant role played by modern information and communication technologies in supporting local economic growth in the **OECD** countries. This is a real incentive for developing countries to shed more light on the weaknesses of their economies and to restructure their industrial, commercial, tourism, agricultural, and banking systems to do well in the world ranking of the best for economic growth.

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