Economic Factors and Industry Impacts

Entertainment Tourism Industry: When there are challenging economic periods and individuals have less expendable cash reserves, there is generally a decline in tourism. Likewise, geo-political regulations can restrict travel to certain locations or during certain periods. However, entertainment / tourism is a critical economic factor in that it boosts economic revenues, leads to increased job creation, creates cultural interactions, and supports national infrastructures. As it relates to tourism and the economy, The World Tourism Organization (n.d.), previously projected that due to the Covid-19 pandemic, “Export revenues from tourism could fall by $910 billion to $1.2 trillion in 2020… and could reduce global GDP by 1.5% to 2.8%” (para. 4).

Healthcare Industry: There are economic factors that impact the healthcare industry, such as access to employer health benefits, coverage and costs, and access to healthcare from a financial and geographical perspective. Also, the healthcare industry can lead to changes in economic related contexts. For instance, when healthcare prices rise, this could lead the government to increase taxes to cover these costs or reduce investments in other sectors to reallocate funds towards healthcare. In addition, higher healthcare costs could impact economic growth as both employers and individuals would experience payment increases.

Retail Industry: A vibrant and growing economy generally aligns with an increase in consumer income and consumer confidence, leading to an increase in purchases. This positive economic scenario leads retailers to sell more products and assess consumer demand. Likewise, retail sales help to stimulate the economy, because it leads to increased market growth. Adam Smith is the economist credited with the concept of the "invisible hand" that explains the benefits of a free market economy, in which consumers and producers determine the optimal price and quantity demanded for a product through economic decision-making.

Technology Industry: When the economy is growing and has a positive outlook, there are increased opportunities surrounding business ventures, innovation, and entrepreneurship. In correlation, the technology sector may produce new products, improve on existing technologies, or create new user experience and interaction design processes. These technological advances, in turn, serve as a key driver of economic growth by creating production and distribution efficiencies. For example, the recent rise in demand for virtual meeting software led to a major increase in need for cybersecurity softwares, while also leading to a decreased need for business related travel.

Construction Industry: A strong economy tends to focus on growth from both a monetary and physical perspective. As lenders have more available cash reserves and operations may demonstrate a need to expand, during positive economic periods, the construction industry generally experiences positive economies of scale. As construction increases, this then stimulates the need for additional labor resources, which helps to reduce unemployment levels. Construction can also experience bottlenecks when there are supply chain operational concerns with limited resources or inefficient procurement timelines, leading to negative retail business sector impacts.

Agriculture Industry: The agricultural industry can experience economic impacts on a local level through regulations that change the amount of water supplies available to global levels with regulations, tariffs, or quotas impacting imports and exports. When foreign economies experience an economic downturn, this can lead to a reduction in demand for agricultural commodities and drop in prices to make sales. The agricultural industry also has critical economic value in that it helps to create reliable food supplies on a local, regional, national, and global scale. These agriculture based products are necessary to sustain the working labor force.

Manufacturing Industry: When there is economic growth and technological advances, manufacturers can generally take advantage of positive economies of scale and develop products with increased efficiencies and reduced costs. Manufacturing and the production of goods is then important in measuring the strength of the economy through the quantity of production occurring. According to the U.S. Bureau of Economic Analysis (2022), "GDP From Manufacturing in the United States increased to 2380.90 USD Billion in the fourth quarter of 2021 from 2320.20 USD Billion in the third quarter of 2021" (para. 1).

Education Industry: Economics plays a role in the education sector at the K-12 and higher education levels. When there are economic surplus reserves these resources might be allocated toward K-12 education enhancements. Likewise, at the higher education level, when the economy is doing well, individuals tend to have additional disposable income that they could allocate toward non-required further educational opportunities. At the same time, the general trend in the higher education sector is also counter to economic employment trends in that when individuals may lose employment, they often return to higher education to gain additional skills to add marketability.