

How Social Media Affects on Economy?

JD Miral^{1#}, HCT Gamage¹, PLDN Karunarathne¹, NACJC Jayasinghe¹ and RMM Pradeep¹

¹Department of Information Technology, Faculty of Computing, General Sir John Kotelawala Defence University, Kandawala Road, Ratmalana, Sri Lanka

#38-bis-0014@kdu.ac.lk

Abstract –It is commonly accepted that social media reduces the productivity of an organization. However, due to the shape of social media changing over time and assisting to evolve new businesses, several studies state that social media is no more an economic killer. The aim of the present study is to review social media's effect on economic growth. For this purpose, it conducted a systematic literature review. After identifying appropriate keywords, it searched five research databases and extracted related articles. The selected articles were summarised considering the article's description of social media and economic relations. Apart from that, it searched the social media usage and inflation statistics of economically default countries to visualise the relationship between the usage of social media over inflation. The literature review found social media positively impacts macroeconomic and small business activities, but negatively impacts national economic growth. Proving the literature outcome, the inflation statistics analysis illustrated a positive relation between social media usage and inflation increase. Then it can state that social media affect economic growth adversely but assist to start economic activities.

Keywords: Social Media, Economic Growth, Inflation

1. Introduction

A. Background

With the industrial revolution which happened in late 1960's the world is began to develop immensely in several aspects. Out of those aspects technology has played a major role in development of world to the concept of "Global Village". In the journey of the above-mentioned development social media was the best opportunity for the people to get connected to each other easily. During past 20 years, social media has become a part of human life-style. Social Media is an internet-based method of communication. People are spending majority of their time online, which offers social media the ability to add value more effectively. Early, social media had a specific user's ability to maintain personal contact, later developed into extremely large data that has practically endless

applications (Cui 2021). Users can share their information, opinions, contents on various social media. And also social media impact on behaviours of humans and it empower vulnerable communities and social media impacts on Geopolitics in both positive and negative manner (Kamruzzaman 2022). Further, the social media became a network where a lot of information is exchanged. Specially, the product promotion can be done via social media platforms to the right consumers. By examining the social media market, companies can target more potential customers, increase regional or domestic GDP, and benefit from social media's everlasting popularity and regular updates.

However, when searching the resources there were two types of arguments. The first one is social media effects on economic growth positively while others to negatively. But there are no direct research to find the relation between social media and economic growth.

B. Aim

Therefore, the present work aims to carry out a review to find out the impact of social media on economy through a literature survey and data analysis.

2. Methodology

It initially figured out the keywords (social media, Economic Growth, Inflation, Revenue generation and GDP) and carried out a systematic literature survey using 6 prominent scientific databases of Elsevier, Google Search, ResearchGate, Taylor Francis, Dovepress, Frontiers. Then considering the relativity of the journal aim and objectives, research title and abstract it selected 18 articles which are mostly suitable to the study (Table 1). However, when study the contents of the paper it found that only 8 research are provided the required information to the study. Then those were evaluated to identify the article's consideration on the connection between economy & social media whether it is positive or negative.

Table 1: Literature survey statistics

Database	No of papers		
	Retrieved	non-related to study	Selected to study

Elsevier	108	102	6
Google Search	183	178	5
ResearchGate	20	15	5
Taylor&Francis	3	1	2
Dovepress	1	1	-
Frontiers	1	1	-
Total	316	298	18

Then it searched the world bank fact sheets on countries and selected 8 countries (Venezuela, Sudan, Lebanon, Syria, Iran, Turkey, Zimbabwe and Argentina) which carries the with highest inflation rate at present. Then it attempted to find the internet and social media usage statistics from the available data source for the selected countries. As the available data are limited to last 10 years, it done only a visual presentation of the relationship between the social media users and inflation.

3. Data and Analysis

A. Literature Survey

Ulusoy (2015) research on impact of social media on small businesses” found that social media includes an increase in awareness and inquiries, enhanced relationships with customers, an increase in the no. of new customers, enhanced ability to reach customers on a global scale and helps to enhance the image of small businesses. Collectively this research depicts that Social media has a positive impact on economic growth.

Anno et al. (2016) have researched on impact of social media on economic growth . It is discovered that an increase in social media penetration has a negative and significant effect on economic growth. In particular, a 1% increase in the number of social media users contributes to a decrease in GDP growth of between 0.02% and 0.06%. so, it has been stated there is a negative impact of social media on economic growth.

Cui (2021) has studied the impact of Social Media on the Economy and discovered that social media has a profound impact on the modern economy and it will continue to influence and make greater contributions to economic growth. The article serves as a reference to understand the current development trend of social media and hopes that more people will pay attention to and correctly use the influence of social media on economic emergence. So, there is a Positive impact.

Vitenu-sackey (2020) has done research on the impact of social media on economic growth. The positive relationship finding supports the first hypothesis of the study as YouTube and Twitter showed positive and significant impact on economic growth. They argued that the abolishment of barriers to entry to enable users of social media to publish and disseminate information without any limitations with the support of proper and efficient internet

and broadband supply then social media could positively affect economic growth. And, the study found that Facebook and Pinterest negatively affect economic growth. It has been found there are both positive and negative impacts of social media on economic growth.

Cheng et al. (2021) has worked on a research to identify the relationship between CSR communication on social media, purchase intention, and E-WOM in the banking sector of an emerging economy. It has been stated as social media with its interactive feature and open-source features has become a prominent place for customers to engage with organizational relationship management including corporate social responsibility. Overall, there is a positive impact of social media on economic growth.

Lupa-Wójcik (2019) work identifies the role of social media in economy with selected issues in microeconomic consideration. It has been stated that social media allows to optimize operating costs and enable more efficient use of resources. They also have a real impact on consumer decisions. Thanks to the case study method, it was possible to show the significant role of social media in the economy in a microeconomic perspective. Collectively there is a positive impact.

Permatasari's (2018) research, “The Impact of Social Media on Consumers’ Purchase Intention A Study of Ecommerce Sites in Jakarta, Indonesia” says social media dependence has a significant impact on perceived value, in which a higher usage of social media may have led to a higher perceived value for consumers. As a summary there is a positive impact.

Ne et al. (2019) have done an empirical study on African countries to find the social media affect economic growth. he results indicate that social media negatively affects economic growth. However, the impact of these media on economic growth is not direct and passes through the labour productivity channel. According to the study labour productivity was the determinant of economic growth and found that productivity is likely to be affected by the use of social media. Collectively it says there is a negative impact of social media on economic growth.

Table 2: Summary of positive and negative effect of social media on economy

Publication	Impact		Description
	+ve	-ve	
Ulusoy (2015)	x		For small businesses
Anno et al. (2016)		x	1% increase of social media users decreases GDP by 0.02-0.06%
(Cui 2021)	x		Business can understand the market dynamics
Vitenu-sackey (2020)	x	x	Facebook and Twitter positively while YouTube and Pinterest negatively
Cheng et al. (2021)	x		Assist to corporate social responsibility in organizational relationship management

Lupa-Wójcik (2019)	x	Optimize operating costs through efficient use of resources.
Permatasari (2018)	x	higher perceived value for consumers
Ne et al. (2019)	x	Effect on labor productivity

B. Social Media Data Analysis

The relationship of the inflation and social media users are shown in Figure 1 to Figure 8.

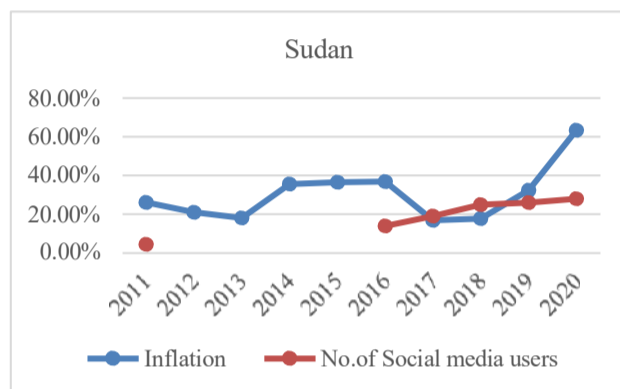


Figure 1: Inflation and Social media usage of Sudan

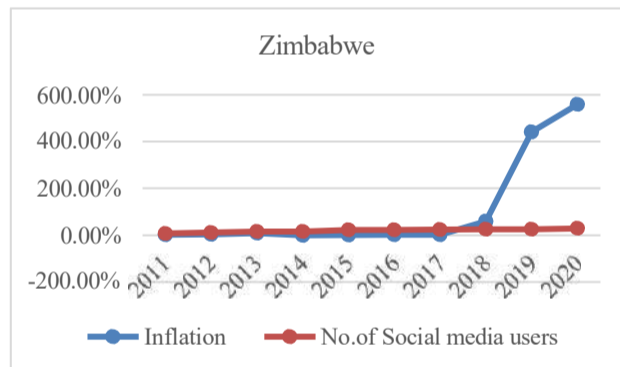


Figure 2: Inflation and Social media usage of Zimbabwe

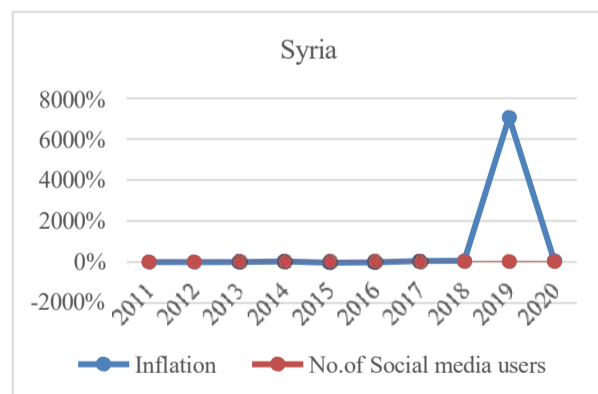


Figure 3: Inflation and Social media usage of Syria

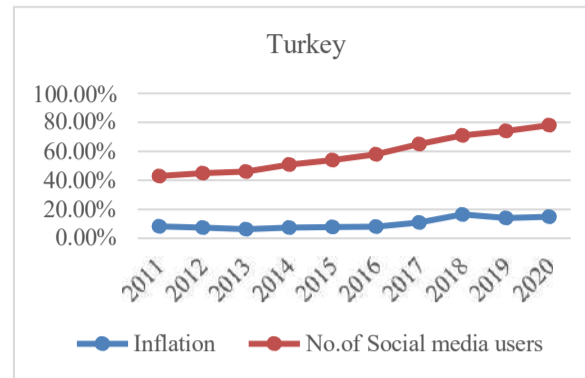


Figure 4: Inflation and Social media usage of Turkey

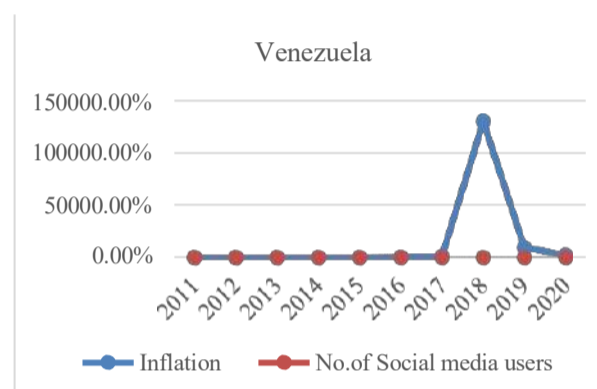


Figure 5: Inflation and Social media usage of Venezuela

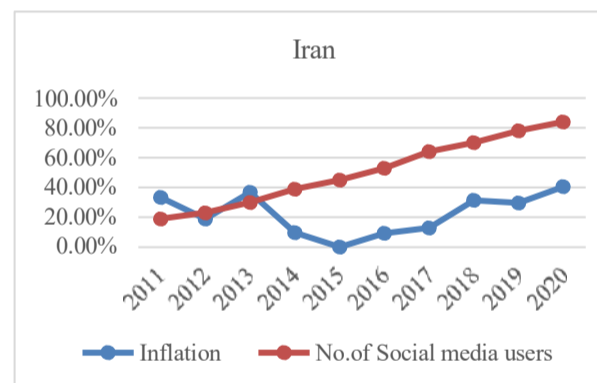


Figure 6: Inflation and Social media usage of Iran

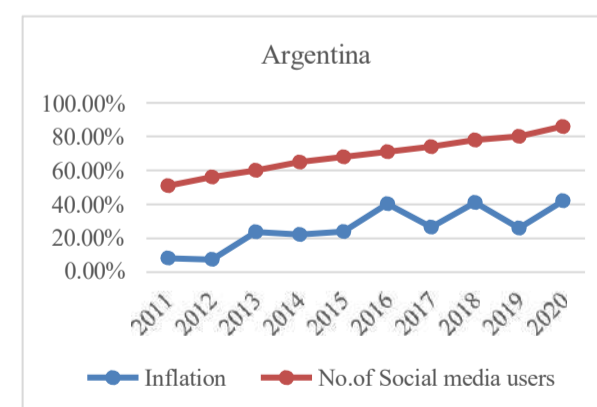


Figure 7: Inflation and Social media usage of Argentina

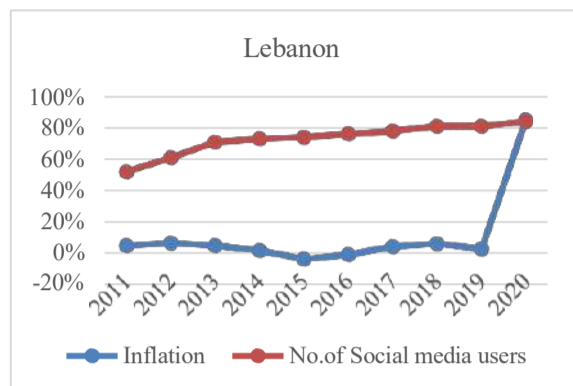


Figure 8: Inflation and Social media usage of Lebanon

4. Results

The social media become an influencer to the economic development as its capability to assist; organizational relationship management, optimization of the operating costs with efficient use of resources, preservation of the values for consumers, provision of quick marketing dynamic updates and improvement of small businesses. However, when consider the statistics, it shows that inflation is increased with the number of social media increase in Argentina, Iran, and Turkey (Figure 4, 6, and 7). However, in Syria, Venezuela, Zimbabwe and Lebanon there is no relationship between inflation and no of social media users as per the charts (Figure 2, 3, 5, and 8). However, when consider the Sudan, it cannot express any

relation due to the lack of data. Therefore, as more than 50% of the countries show no relation, it can state that inflation and number of social media users do not have a proper relationship.

5. Conclusion

Particularly in terms of growth and expansion of the economy, the influence of social media cannot be emphasized. It also contains a lot of hidden values that the long-term growth of the global economy will expose.

Social media impacts to the small business specifically and allowing to properly manage the resources as it assist to capture the market dynamics and preserve the values of the businesses.

Than the whole social media concept, the different platforms such as WhatsApp, YouTube and Twitter, are differently effect on the economy. Then future studies should focus on the specific values and services provided by the individual platform when finding the relations with economic aspects.

However, after a brief systematic survey it found that social media effects on economy both positively & negatively which the same as starting point of this research.

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