Chapter 46
Impacts of Economic and Institutional Dynamics on New Media Applications Penetration:
Sample Country Analysis

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ABSTRACT

New media applications become vital in order to compete as a country and as human beings. Despite the positive impact and increasing global usage of new media applications, some countries have low new media applications penetration when others have high. This should be analyzed and evaluated within the countries' own macroeconomic and institutional dynamics. Dynamic motives as institutional, macroeconomic, infrastructural, and political factors heavily divined and also easily damage the current and future conditions of the countries. This work conceptually and concretely investigated the role of specific factors. Macroeconomic factors are determined as population, GDP growth rate, and population rate of the countries. Institutional factors are evaluated through political stability index, rule of law index, and civil liberties index of each sample country. Infrastructural factors, business environment, and investments were analyzed with looking at international internet bandwidth per internet users and competitiveness data for countries.

INTRODUCTION

New media applications create changes in the economic systems, business environments and in social dynamics. Vice versa new media applications are under the impacts of political economic factors. Differ from the classical goods in the market, they are defined as information goods or digital goods. There are new players in the markets who demand and supply this type of good. They cannot be embedded into public goods, their costs and economics of scale issues are also basically different. Therefore, it is conceptually and concretely investigated the dynamics of new media applications with focusing on some

specific macroeconomic and institutional factors and also with focusing on low and high penetrated country samples.

This study points out new media applications such as Facebook, Twitter, YouTube, Instagram and Tumbler on a global scale. Author takes the countries which have lowest and highest penetration rates in accordance with social media penetration data for January 2019. While Ghana (19%), Kenya (16%) and Nigeria (12%) have lowest penetration, United Arab Emirates (UA.E.) (%99), South Korea (85%) and Malaysia (78%) are ranked highest penetration countries.

This paper uses sample countries' GDP growth ratios, unemployment rates and population data for macroeconomic discussion. Furthermore, author analyzes the Political Stability Index, Rule of Law Index and Civil Liberties Index scores so as to display the institutional efficiency over high penetration scores via new media applications. Infrastructural convenience evaluated through International Internet Bandwidth per Internet Users and Competitiveness degree in the sample countries.

Although there are extensive studies on new media applications, author identifies some gaps in the literature. Analysis of this paper is based on the country specific macroeconomic and institutional dynamics. Thus, the objective of this study is to fill the gap with rich and detailed political economic analysis for selected countries. Author embrace a holistic perspective in order to understand the economic and social effects of new media applications. In this context, author reveals the reasons behind the inequality of accessing to new media applications. Selected sample countries are also compared with using related data and literature review.

This paper organized as follows. Part II describes the new media applications as economic goods. Part III discusses political and economic background of new media applications. Part IV analyzes and compares selected countries by using dynamic factors. Part V wraps up with recommendations and concluding remarks.

NEW MEDIA APPLICATIONS: GOOD IN THE ECONOMY

Describing the character of new media applications as different economic goods is key for understanding the role of them in the economic and social lives. It is also important to find out the answer to the essential question: "Why do penetration rates of new media applications are less in some countries but more in others?". If we understand the characteristics of classical economic goods, information goods and digital goods, it becomes easier to describe new media applications and its different character as economic goods in terms of their price, costs structure, barriers and externalities.

Fundamentals of economics start with the economic problem which is scarcity and choice. They originate from the economic systems that help to transform existing resources to goods and services in order to satisfy the needs and wants. The types of the resources that are used for transformation help to categorize the goods in the economy. But before explaining the categories of the goods, it should need to know that goods that have value, traded in the national/international/global markets and that have scarcity risks are economic goods[1]. In the literature of economics, consumers' goods and producers' goods are two main groups that can be called as classical goods. Consumers' goods are the final goods that satisfy the needs and wants of the consumers directly. So they can be called as final goods in the economy. Producers' goods are those used for the act of production. These type of goods are also called capital goods and semi-final goods.[2]

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