



ANALYSIS OF THE RELATIONSHIP BETWEEN DIGITAL ECONOMY AND ITS IMPACT EFFECTS

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Abstract

Digital technologies enable faster and more efficient communication and collaboration, allowing businesses to operate more efficiently. This leads to increased productivity, which can result in higher profits and economic growth. Objectives of the study is to understand measurement of digital economic development and to outline the impact of the digital economy on employment. The study has been carried with a sample of 250 respondents which are randomly selected. The relationship between digital economy and its impact is obtained from the respondents through the questionnaire (google form). Simple random technique was used to analysis the data. The digital economy has the potential to increase productivity and create new job opportunities, but it can also lead to job displacement, income inequality, and concerns about data privacy and security. Policymakers and businesses need to consider these impacts when designing policies and strategies to ensure that the benefits of the digital economy are shared equitably and that the risks are mitigated.

Keywords: Digital economy, impact effects, Technological advancement and Government policies and regulations.

Introduction

As the digital economy grows, a new job pattern is taking shape. There are opportunities and dangers for workers in today's digital economy. The one-of-a-kind nature of the current epidemic's setting. This is due to the aftereffects of the digital economy as well as the new crown plague that has recently emerged. With the advent of new models and business models, the digital economy has spawned a slew of new market actors that have been quick to embrace employment and pioneer the development of fresh avenues for gainful employment. Information and communication technologies have removed barriers between employees and their jobs, allowing them to set their own hours and work from home if they so want. Freelancers and young people with disabilities are two examples of groups with flexible employment who are actively participating in the job market and lending their support to the shift from permanent to flexible work arrangements. By drawing on their accumulated expertise, practitioners can charge for their services. This is the standard workplace model in the information economy; it promotes individual autonomy by giving workers more control over their schedules and where they perform their jobs. At the same time, e-commerce websites have a number of responsibilities, such as the promotion of training management, the promotion of public accounts, the promotion of real-time online product responses, and the promotion of online store operations and customer support. Young people choose emerging employment, which are characterized by the platform economy, because of the variety of work forms they offer, the flexibility of their schedules, and the offline communication capabilities they provide. Workers from all backgrounds will benefit from more

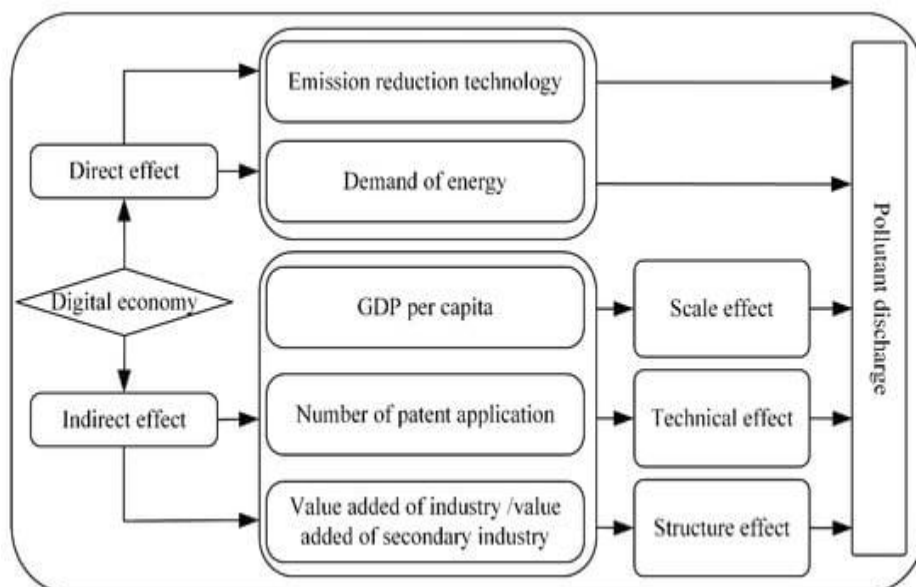
opportunities for autonomy and variety in their professional lives thanks to training in digital skills and knowledge. Jobs in this category have low entry barriers since they need little in the way of education or experience and can be entered rapidly through short-term training. This calls for an aptitude for study and training, and it can accommodate a substantial number of people who have worked in customer service before, migrants hired to alleviate poverty, and people working part-time. Furthermore, as the digital economy expands, it may provide job opportunities for the temporarily unemployed and boost secondary employment, both of which are essential to the long-term viability of social security. In recent years, manufacturing technical innovation has given way to integrated innovation, with the widespread adoption. The development of cutting-edge technologies has facilitated this transition from specialized to generalized forms of employment. The need for workers has shifted from technical work to integrated employment as the variety of products and services available rapidly expands. The block chain system is a common representation that is being studied and adopted by a growing number of sectors because to its distributed, decentralized, operable, open, and transparent nature.

Digital economy employment- An overview

As a result, this work makes the following modest contributions: Combining a linear model with a partial VAR model. The combined empirical analysis is meant to provide direction for the reorganization and development of industries key to the digital economy. Thirdly, the relationship between the digital economy and traditional manufacturing jobs is complex. From both the traditional labor market and the emerging digital economy, this supports

new employment dynamics and promotes steady growth. Characteristics and a brief history of the evolution of the digital economy are outlined in the first part. The second part is a synopsis of the study, whereby the holes in both domestic and international studies are identified and filled by this study. The research design is the fourth part and it consists of the indicators selected, the data description, and the model configuration. Many other types of jobs have been created, and the overall employment rate has gone up, all thanks to the digital elements generated and the new business models formed by the usage of digital technology. During the factor change phase, new job types and organizational structures emerge. As a new component of production, data is more important in today's economy. This change in emphasis may result in a proliferation of new types of enterprise. In addition, novel opportunities and trends in the labor market emerge. Because of this, many forms of digital innovation have spread throughout various sectors, allowing society as a whole to better deal with employment-related difficulties. Production has increased, new jobs have

been created, and public services and infrastructure have been strengthened thanks to technological developments. Crandall (2007). The digital economy has seen an increase in both the number of industrialized occupations and the breadth of jobs available. Thirdly, setting the stage for convergence and change by implementing changes to permit more tertiary sector employment. At this phase of the digital economy, we see the creation of a combination of innovations, vertical integration, convergent development, open systems, and ecosystems. Sirbu (2006). Technology convergence has enabled an expansion of tertiary sectors. Fourthly, a new work environment has emerged as a result of the current economic transition phase. The dynamics of production and the rate of production have shifted in recent years. Information has become a primary factor in manufacturing. It eliminates geographical and temporal constraints, ushering in a new era of business that is more open and collaborative. This economic setup creates a new work environment as a result of the digital skills gap.



Measurement of Digital Economy Development

The term "digital economy" is used to describe the various economic facets

made possible by digital technologies. Measuring the growth of the digital economy is becoming increasingly crucial for understanding the effect of digital

technologies on economic growth and development, as the digital economy has grown to become an integral part of the global economy. The growth of the digital economy can be tracked in various ways. One popular strategy is calculating the GDP impact of the digital economy (GDP). The GDP measures the economic output of a nation over a given time frame. The production of digital businesses including software design, e-commerce, and telecommunications can be used to calculate the digital economy's contribution to GDP. Kolko (2012). The rate of adoption of digital technology by consumers and enterprises is another indicator of the health of the digital economy. There are a number of indicators that may be used to determine this, including the share of firms with an online presence and the prevalence of digital payment methods. These measures can be used to compare the digital economies of different countries and provide insight into the state of digitalization inside a given country. The growth of the digital economy can also be gauged by looking at the accessibility and quality of digital infrastructure like elevated internet

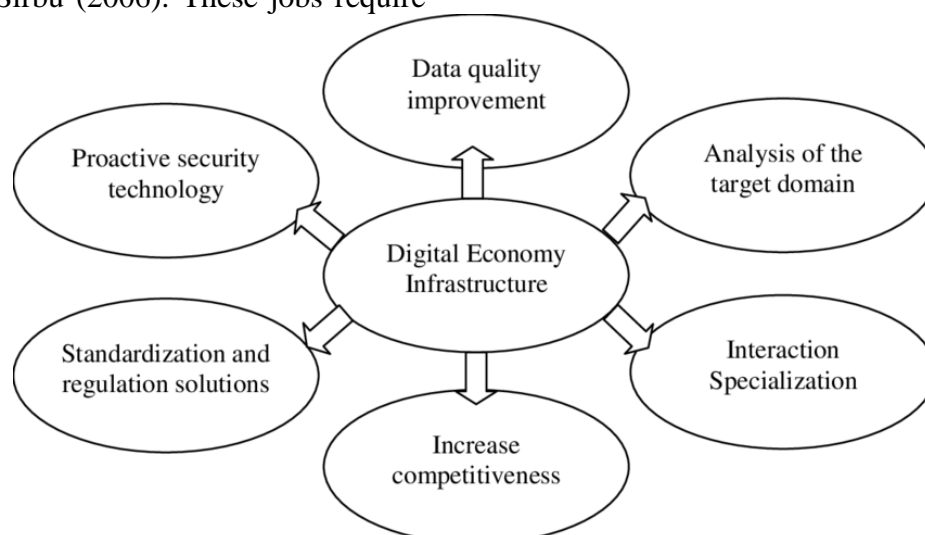
connectivity and digital payment systems. Metrics like internet speed, part of the broader, as well as the number of mobile phone subscribers can be used to evaluate the state of the digital infrastructure. Kolko (2012). The qualitative features of the digital economy should be taken into account alongside these quantitative indicators. The growth of the digital economy can be influenced by a number of factors, such as the rate of entrepreneurial activity and innovation in the social media realm, the improvement of people's digital skills, and the introduction of novel business models made possible by digital technologies. To sum up, gauging the growth of the digital economy is difficult and calls for multiple quantitative and qualitative indicators. Crandall (2007). Policymakers and analysts can better understand the impact of digital technologies on economic growth and development if they take into account the digital economy's contribution to GDP, the rate of adoption of digital technologies by individuals and businesses, the standard of internet infrastructure, and the qualitative aspects of the digital economy.



Mechanisms of the Impact of the Digital Economy on Employment

The digital economy, which includes industries such as e-commerce, software development, and digital services, has had a significant impact on employment. While digital technologies have created new job opportunities, they have also disrupted traditional industries and led to job losses. Du (2015). In this essay, we will discuss the mechanisms through which the digital economy impacts employment. One mechanism through which the digital economy impacts employment is through the automation of tasks. Liu (2018). Digital technologies such as artificial intelligence and robotics are increasingly being used to automate tasks that were previously done by humans. This has led to job losses in industries such as manufacturing and transportation, where automation has replaced human workers. Another mechanism of the impact of the digital economy on employment is the creation of new job opportunities. The growth of the digital economy has led to the creation of new jobs in industries such as software development, digital marketing, and data analysis. Sirbu (2006). These jobs require

new skills, such as programming and data analysis, which have become increasingly important in the digital economy. The digital economy has also enabled new forms of work, such as the gig economy, which has created new job opportunities but has also led to concerns about job insecurity and lack of benefits for workers. In the gig economy, workers provide services on a short-term or freelance basis, using digital platforms to connect with clients. The digital economy has also led to changes in the way traditional industries operate, such as the retail industry. Kolko (2012). E-commerce has disrupted traditional brick-and-mortar retail, leading to job losses in traditional retail jobs but also creating new jobs in e-commerce and logistics. Finally, the digital economy has led to changes in the skills required for employment. Kolko (2012). As digital technologies become increasingly important in the economy, workers need to acquire new skills, such as digital literacy and data analysis, to remain competitive in the job market. While digital technologies have created new job opportunities, they have also disrupted traditional industries and led to job losses.



Review of Literature

Broadband availability or specific Internet use have been major explanatory variables in studies of the macroeconomic consequences, which have been conducted

more frequently by academics from other countries. Kolko (2012) examined interstate data from the United States between 1992 and 2006 and found that having access to broadband encourages job

growth, especially in industries dependent on technology. China has conducted more in-depth surveys of the digital economy's job market than any other country. To investigate how platform economies affect high-quality jobs. Li et al. (2021) examined the platform economy's expansion through the lens of the changing industrial structure. The findings demonstrated that the expansion of the platform economy significantly influenced the rising employment standards. The literature includes a part on the various impacts of technology development on various industries. In their study of the effects of technology on employment across multiple sectors, Li et al. (2010) found that while capital- and technology-intensive enterprises did see a net impact, labor-intensive organizations did not. They analyze the shifting effects of technology development on employment across sectors of the Chinese economy. Liu (2018) claimed that between 1986 and 2015, China's energy sector experienced a time lag between employment and technological advancement. In 2017, researchers first began collecting data on the digital economy, focusing on the domestic digital economy. In order to gauge the state of the digital economy, many data companies and Internet business behemoths first developed measuring methodologies based on indicators monitoring many dimensions. Crandall (2007).

Objectives of the study

1. To understand measurement of digital economic development
2. To outline the impact of the digital economy mechanisms of the impact of the digital Economy on Employment
3. To identify the relationship between digital economy and its impact.

Research Approach

The study has been carried with a sample of 250 respondents which are randomly selected. The relationship between digital economy and its impact is obtained from the respondents through the questionnaire (google form). Simple random technique was used to analysis the data.

Analysis and findings

Relationship between digital economy and its impact

One of the main positive impacts of the digital economy is increased productivity. Digital technologies enable faster and more efficient communication and collaboration, allowing businesses to operate more efficiently. This leads to increased productivity, which can result in higher profits and economic growth. The mean difference according to age is given below.

Table 1

Relationship between digital economy and its impact

Age	Mean	Std. Deviation	N
Young	28.962	8.7655	75
Middle	31.854	5.9745	90
Old	36.525	8.0775	85
Total			250

The digital economy, and the use of it, has developed rapidly. Numerous people with limited financial resources can find job as webcast operators, online taxi drivers, and delivery workers on various internet platforms. The mean score is 36.525 for the old age and 31.854 for the middle age respondents. Significance in difference between the means is tested with the help of Leneve's test of equality of error variance.

Table 2:
Levene's Test of Equality of Error
Variances

F	df1	df2	Sig.
2.143	2	247	0.117

The Table 2 reveals that the F value is 2.143 and the significance is 11.7%. The probability value proves that the difference in the mean score according to the age of the respondents is not significant. It is concluded that though, Relationship between digital economy and its impact, the difference is not significant. The digital economy has the potential to increase productivity and create new job opportunities, but it can also lead to job displacement, income inequality, and concerns about data privacy and security. Policymakers and businesses need to consider these impacts when designing policies and strategies to ensure that the benefits of the digital economy are shared equitably and that the risks are mitigated.

The impact of the digital economy is not entirely positive. Digital technologies such as automation and artificial intelligence are increasingly being used to automate tasks that were previously done by humans. Niu (2017). This can lead to job losses in industries such as manufacturing and transportation, where automation has replaced human workers. Another negative impact of the digital economy is income inequality. Liu (2018). The digital economy has created new opportunities for highly skilled workers, while lower-skilled workers may be left behind. This can lead to increased income inequality, as workers with in-demand skills are able to command higher wages. Sirbu (2006). The digital economy has also raised concerns about data privacy and security. In conclusion, the relationship between the digital economy and its impact effects is complex, with both positive and negative impacts.

The factors that affect the digital economy and its impact effects.

The impact of the digital economy can be influenced by several factors. In this essay, we will discuss the factors that affect the digital economy and its impact effects.

1. Technological advancements: The digital economy is highly dependent on technological advancements. The development of new digital technologies can lead to increased productivity, new job opportunities, and new forms of economic activity. For example, the development of block chain technology has led to the emergence of new business models and digital currencies.
2. Infrastructure: The availability and quality of digital infrastructure, such as high-speed internet and mobile networks, is a crucial factor in the digital economy. Countries with better digital infrastructure are better positioned to benefit from the digital economy and its impact effects.
3. Government policies and regulations: Policies that encourage innovation and investment in the digital economy can lead to economic growth and job creation. On the other hand, regulations that limit digital innovation or protect incumbent businesses can stifle the growth.
4. Digital skills and education: Digital skills and education are essential for the growth of the digital economy. Workers with skills in areas such as programming, data analysis, and digital marketing are in high demand in the digital economy. Countries that invest in digital skills and education are better positioned to benefit from the digital economy.

5. Consumer behavior: Consumer behavior plays a crucial role in the growth of the digital economy. As consumers increasingly rely on digital platforms for commerce and communication, businesses that can meet their needs will be more successful. Consumer preferences for convenience, personalization, and ease of use are driving the growth of the digital economy.

Discussion and conclusion

Employment expansion in the modern world can be attributed in large part to the rise of the digital economic. The following protocol suggestions are provided based on the results. First, update and improve existing laws; growing digitalization has major effects on labor market tendencies that must be addressed. Kolko (2012). Flexible job opportunities are expanding in the tertiary sector as the Internet undergoes rapid change. Unfortunately, digitization does not provide robust legal support for the creation of new jobs, and employment links that utilize internet platforms are not widely recognized. In light of the plethora of new career paths opened up by the digital economy, it is imperative that we look at ways to improve our current social security infrastructure, in order to ease the minds of ambitious business owners. Liu (2018). In order to stimulate the development of digital excellence and hasten the transformation and application of digital technology innovation services, it is imperative that we develop a system to educate digital talent. Structural shifts while taking labor needs into account. Improve training for digital skills, and make them mandatory for the structurally unemployed. However in the sphere of digital vocational training, there is still a dearth of available training services, uneven educational backgrounds, and low academic adaption. Du (2015). New hires, job seekers, and employees with flexible schedules at organizations and institutions

should all be able to take use of online learning opportunities. Improve their digital literacy by teaching them new skills and expanding their existing ones, such as in software engineering and big data analysis. Sirbu (2006). In conclusion, the digital economy and its impact effects are influenced by several factors, including technological advancements, infrastructure, government policies and regulations, digital skills and education, and consumer behavior. Niu (2017). Policymakers and businesses need to consider these factors when designing policies and strategies to ensure that the benefits of the digital economy are shared equitably and that the risks are mitigated.

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