



The Impact of Internet Economy on Economic Growth

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Abstract

In the information society, it is necessary to constantly advocate "internet plus" thinking, transform and upgrade traditional industries, and promote the creative development of more industries in the Internet field. The Internet economy has disrupted traditional industries, promoted the combination of ICT and Internet applications, and created more advanced productivity. In this process, economic and social development has been accelerated. This article mainly tells about the current development direction of Internet economy in this period of rapid development of Internet, and the influence of Internet on economic growth in the development process.

Keywords: *Internet economy; economic growth*

1. Introduction

In recent years, due to the downward pressure of the economy, a large number of enterprises need to change the way of operation and improve economic efficiency. As a new economic form, Internet economy not only changes the traditional economic form of a country, but also affects the growth rate and quality of the country's economy. The Internet is becoming a marketing and business tool in the digital economy, bringing us unimaginable changes.. This is because the Internet can reach almost everyone and anywhere, so our lives and future will be affected accordingly. [1] Macroscopically, the Internet will affect the upgrading and optimization of industrial structure. On the micro level, the Internet will affect the management mode of enterprises and encourage enterprise reform. With the emergence of networked and digital management mode, the development of Internet economy has become an important force for economic development. Internet economy is the combination of Internet and economy, which can reduce the economic cost in the production process, turn the core competitiveness of economic growth into information, and keep the sustained and steady economic growth while expanding resources. In the stage of rapid economic development, the development of Internet economy is conducive to cultivating new economic growth points and forming new advantages of economic development. Not only that, the level of Internet development reflects the degree of civilization and modernization of a country to

some extent, which has profound significance and long-term influence.

2. The Internet Economy

With the rapid development of information network technology, the Internet development and Internet economy has attracted extensive attention in academic circles. John Flower was the first expert to put forward the concept of Internet economy. In 1999, Texas University published the world's first report on Internet economy development, *Measuring Internet Economy*. The Internet economy is divided into four layers in the report,. The first layer provides the basic structure of the Internet, including major suppliers of the Internet, network software and hardware companies, and so on. The second layer is the application foundation, showing the database and search engine in the Internet. The third layer is the third party intermediary of the Internet, presenting online agents and service providers, platforms and so on. The fourth layer is online transactions, mainly online services, e-commerce and so on. However, with the deepening of the research on the Internet in the academic circles, the interpretation of this new concept is more and more complicated. Although the academic circle has not formed a unified standard for the definition of Internet economy, but some main viewpoints help us to understand the Internet economy deeply. Toffler, a well-known scholar, pointed out in "The Third Wave" that human societies will enter a new economic era after experiencing the agricultural and industrial society. In fact, we have entered a new

economic era. The new economic era contains a variety of economic forms, and the interconnected economic network is one of the new economic forms, bringing great changes to human production and life. Wu (2000) believes that Internet economy must be understood from different levels, including economic forms, consumption, enterprises and industries. The Internet economy is a new type of economy that depends on the Internet, so it will be influenced by network information [2].

3.The Direct Influence of Internet on Economic Growth

3.1The Internet Economy Promotes the Upgrading of Expenses and Stimulates Economic Growth.

Since the 21st century, with the widespread popularization and application of the Internet, the Internet economy has developed rapidly. The technology and information elements under the Internet economy have greatly accelerated the pace of upgrading fees and expenses, and gradually become an indispensable dynamic force to promote the upgrading of fees and expenses. Therefore, the Internet economy greatly affects the charging and fee upgrading. The promotion of the cost reduction under the Internet economy is mainly reflected in the promotion of the cost reduction image, the cost reduction method and the cost reduction concept. In the Internet economy, people's consumption concept has changed. Among them, the improvement of image consumption includes the improvement of structure and inner ability, which is reflected in the gradual transformation of structure from life type to development type and enjoyment type. Meanwhile, the increase of service type consumption of internal capacity consumption is obvious. Cost performance mainly focuses on people's pursuit of rationality, wisdom and individuality. The concept of fee elimination is reflected in the promotion of the status of fee elimination in the transaction and the legal maintenance of the subject's rights. In addition, the information network technology can improve the circulation efficiency of commercial products and reduce the flow cost of commercial products, and the overseas development of e-commerce can reduce the cost of imported products. In this process, the development of the Internet has broadened the field of expenses, improved the structure of expenses, and greatly satisfied the diversified expenses.

3.2 Internet Economy Optimizes Industrial Structure and Promotes Economic Growth.

At present, the pace of Internet and traditional industry integration is gradually accelerating. In this context, some traditional industries have been severely

impacted and gradually declined, and gradually replaced by emerging industries. Some traditional industries have integrated well with the Internet and are becoming more prosperous and mature. Through the integration and transformation of industries, the status of industries with high added value and profits in the social market continues to improve, and the industrial structure is also transformed and upgraded. In this process, advanced network technology and knowledge continue to flow to traditional industries, which not only improve their skills, management and profitability, but also promote the performance and quality of traditional industries. As a result, the imbalance between industries is reduced and the cooperation between sectors is more coordinated. On the whole, the ratio of knowledge, information, brand, etc. to capital and production in Internet economy has been rising continuously, which has led to the gradual transformation of the structure of Internet economy, which corresponds to the industrial structure. Thus, the integration of industries under the Internet economy will bring about the transformation of capital and resource structure. At the same time, in the era of Internet economy, industrial integration can promote new industries with lower intermediate costs. It can not only reduce production links, improve transaction efficiency, improve comprehensive productivity, but also promote social economy and industrial structure upgrading. On the micro level, the Internet connects different regions as a whole by reducing information asymmetry between regions, which is conducive to improving the efficiency of scale economy and resource allocation of enterprises in the region and promoting regional economic development. From a macro perspective, the Internet can reduce information cost, transportation cost and logistics cost, and enhance the role of regional factor endowment theory^[3].

3.3Internet Economy Creates New Economic Growth Points and Stimulates Economic Growth.

In the era of Internet economy, many people's daily life is immersed in the Internet, the traditional way of life has been completely changed by the Internet, and people's life has greatly deepened the dependence on the Internet. The social organizations in the Internet era will undergo rapid changes, forcing traditional industries to accelerate the integration with the Internet, so as to prevent being eliminated by the market. It is precisely because of this transmission and guidance system that the innovation speed between industries has been greatly increased. Then new business models and production models were established, spawning many new economic growth points and laying a solid foundation for social and economic prosperity and development. The Internet has created many new business models, changed the traditional industrial model, and injected an endless new power into the

prosperity and development of social economy. In the process of the integration of Internet and traditional industries, Internet can not only improve the efficiency of resource allocation, but also reduce the cost of people's access to information and transactions, and change the way of economic development. In terms of quality, the Internet expands the connotation and scope of production factors. Historically, each industrial revolution was accompanied by the emergence of new factors of production and gradually occupied the dominant position of social economy. Just like today, knowing oneself has become an important factor in the whole society, and its value is constantly highlighted in the development of information society. Especially in the Internet economy, the information technology condenses knowledge on software and systems, promoting the flow of network resources and the emergence of numerous new industries and new models, and the Internet constantly creating new prices for various products. With the continuous development of information network technology, knowledge is an important factor of Internet economy and plays a key role in the integration of Internet and traditional industry. This will not only help create new economic growth points, but also promote major changes in the industrial system.

4. Indirect Influence of Internet on Economic Growth

4.1 The Indirect Influence of Internet Accelerate Technology Innovation to Promote Economic Growth

The technological innovation of network economy includes internal innovation and external innovation. Internal innovation refers to the innovation of management and talent formation, and the management includes enterprise management and knowledge management. External innovation includes market demand, industry competition, government policy and international environment. As for internal innovation, the Internet can optimize the structure of industry and capital, so as to obtain effective allocation of capital and resources and optimize the management mode of enterprises. At the same time, it can also improve the research and development and manufacturing capacity of enterprises, so that enterprises can strengthen the supervision and management of knowledge, and promote the innovation of knowledge management. Secondly, Internet enterprises gather high-tech talents to encourage innovative talents. The talent cultivation mode of Internet enterprises has a profound impact on other industries, which is conducive to the innovation of talents. In the era of external innovation, in order to meet the increasingly complex needs of people in the Internet economy, products are updated frequently, and

the constant technological level is rapidly eliminated. Market demand forces enterprises to constantly innovate products. Secondly, in the Internet economy, enterprises can achieve the goal of win-win cooperation through cross-border integration and strengthening excellent competition, which will promote the improvement of enterprise RESEARCH and development capabilities. Third, the rapid development of the Internet economy must be supported by the government. In recent years, the concept of "Internet Plus" has been mentioned in government reports, indicating the importance the government attaches to the Internet economy. Under the internet economy, the government has promoted technological innovation by setting up research funds and building experimental bases, which has led the development of a large number of innovative enterprises. Fourthly, due to the rapidity and sharing characteristics of the internet, the superior Internet economic environment is conducive to the introduction of advanced technologies and innovative approaches. The Internet economy can accelerate technological innovation and promote China's sustained economic growth. The promoting effect of technological innovation on economic growth can be explained from two aspects. First, technological innovation can promote economic growth by optimizing the industrial structure. Technological innovation provides enterprises with a new way of thinking and technical support, promotes the integration of information industry and traditional industry, and gives birth to new industries. Secondly, technological innovation optimizes the choice of consumers, and the economic growth is realized. In the era of Internet economy, continuous technological innovation can improve the quality and quantity of products, increase the variety of products, and greatly meet the hidden needs of many consumers.

4.2 Internet Economy Promotes the Accumulation of Human Capital to Boost Economic Growth

In the internet economy, the stock of per capita capital is closely related to the level of education, and the structure of education can be used to measure the essential amount of per capita capital in the industry. Therefore, it is of great significance to support education and improve the measurement standard of employee education quality. With the continuous development of social clubs, the Internet economy has gradually become a major trend of The Times. In this process, the attraction of the Internet to young people is getting stronger and stronger, and it has gradually become an important way to promote human resources and accumulate capital. Areas with a high level of internet economic development attract a large number of talents, resulting in a phenomenon of employment migration, which is conducive to promoting the introduction and diffusion of technology and

maximizing the value of human resources and capital. At the same time, Creative people can play their best role in the cultural atmosphere of the Internet, fostering creativity and thinking. They give full play to the effects of talents and capital, break through the traditional thinking system, change the production mode, and promote economic growth. Internet economy promotes the accumulation of human resources and capital and economic growth mainly includes the following two aspects. First of all, the Internet economy has promoted the accumulation of human resources and capital, and the industry structure has been adjusted, which shows that the economy continues to grow. The accumulation of human resources and capital can not only promote the transformation of industrial economy to knowledge economy, but also make a more accurate and rapid judgment of economic activities up and down the industrial chain. The accumulation of human resources and capital will also make the development of various industries more coordinated. Secondly, the Internet economy promotes economic growth by promoting the accumulation of capital and increases employment opportunities. Human capital investment can not only expand the employment capacity, but also provide employment opportunities for the labor market. Human capital investment will also increase the corresponding job demand. Moreover, the accumulation of human capital requires a certain amount of material capital input, which can drive the development of related industries and promote the growth of economy.

5. Conclusion

In the information age, the innovation of Internet economy determines the direction of economic development.

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The government should promote the popularization and development of the Internet economy according to the actual situation, realize scientific and technological innovation and technological progress, and provide strong new growth points for the national economy. Moreover, the innovation of the Internet economy will also penetrate into other industries, promoting a virtuous cycle between industries.

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