

**CDSSES 2020****IV International Scientific Conference "Competitiveness and the development of socio-economic systems" dedicated to the memory of Alexander Tatarkin****STAGE OF DEVELOPMENT OF SOCIAL MEDIA**

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strielkowski@cantab.net**Abstract**

The current economic crisis and the pandemic caused by COVID-19 have shown the need for active social media use in economic processes and regulation. The formation of an economic development strategy based on social media use should be based on an analysis of their development stages. The purpose of the study is to analyze the development of social media and highlight the stages of their social history. The theoretical analysis of the use of social media presented in work made it possible to identify the following stages of their development: 1) social, in which social media are considered as a communication tool; 2) political - social media act as a means of shaping public opinion; 3) economic - social media are becoming a business tool, are actively being introduced into the business models of firms; 4) regulatory - social media act as an object of regulation and as a tool for regulating social processes. Thus, we can state the formation of one of the digital economy institutions - social media. The results obtained confirm the need for an interdisciplinary study of social media as a public institution. The most critical areas of research are the development of new social media measures and the formation of regulatory policy in social media.

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## **1. Introduction**

The increasing importance of information and forming of a digital economy contributes to the active use of digital tools in various subsystems of society. The most important element of the digital economy is social media, which, on the one hand, mediate social contacts that already existed in society, and, on the other hand, social media, with the use of certain technologies, create a new digital communication environment, thereby contributing to the formation of new social networks and interactions.

The use of social media in society is diverse: from personal self-expression and communication to entrepreneurial initiatives and political activism. Social media's potential as a communication tool is recognized all over the world and its role is only increasing. Social media open up new opportunities every year - not only for business, but also for politicians. The introduction of digital technologies is taking place at all levels of economic and social interaction in many areas of modern business and public administration.

## **2. Problem Statement**

Social media are communication tools, but at the same time they act as economic and political tools. The key problem is the interdisciplinary understanding of the mechanisms of action of social media, for effective management in economic and public interests.

## **3. Research Questions**

Based on the need to understand the mechanisms of action of social media, we can formulate a research question - what functions do social media perform in modern society? How can entrepreneurs, politicians and citizens use them?

## **4. Purpose of the Study**

Following the problem and research questions, the study's goal is to analyze social media development and highlight the stages of their social history.

## **5. Research Methods**

To fully understand the potential of social media, several descriptive and comparative studies are required. This study is the beginning of a discussion aimed at identifying the multifaceted manifestation of social media in different countries; summarizing various studies and points of view on the aspect in which social media can manifest themselves in society. The complexity of social media analysis lies in the impossibility of analyzing the content submitted by users of social networking sites. To identify the functions of social media, we used the method of analysis, comparison and synthesis of scientific research. The analysis of the stages of development of social media is based on a review of scientific

research in this area of social and economic relations. For the theoretical analysis, studies were used, presented in the Scopus and Web of Science databases for 2016-2020.

## 6. Findings

The concept of "social media" is interdisciplinary and for the formation of a unified view within the framework of this study, we will give a number of definitions of social media. Thus, Karakiza (2015) understands social media as Internet-based applications that carry consumer-generated content. Social media can be considered as a communication platform based on the creation of social networks of various types, which is shown in the study by Popov et al. (2019). Lak & Rezaenour (2018) define social media as the Web 2.0 development direction that fosters low-cost content creation and creative online user interaction.

Thus, social media does not have any particular sphere of influence or impact. In this article, we discuss the main areas of influence of social media and their interrelationships, which are generally relevant to the stages of development of social media. For each stage, we highlight relevant research, discuss the implications for economics, politics, and society at large, and mark areas for future research.

### 6.1. Social stage of social media development

The history of social media in the modern sense began in 1997 with the launch of SixDegrees.com, progressing through the launch of major sites such as Facebook, Instagram, and others (Boyd & Ellison, 2007). The rapid development of social media is associated with the availability of mobile communication devices and the introduction of 3G networks in 2007 (Alarcón et al., 2018).

The initial idea for the development of social media was the formation of a platform for communication. One of the definitions of social media as online channels of instant communication, where people can express their thoughts and share them collectively (Alarcón et al., 2018). The main features of social media are instant information in real time (Mangold & Faulds, 2009), the ability to express opinions, independently select and publish content, participate in the modification (improvement, personalization) of content, and collaborate (Jesús et al., 2016) promote the dissemination of certain types of behavior, information, opinions, etc. These effects can be propagated through the network to friends, friends of friends, and even friends of friends (Christakis & Fowler, 2013).

Modern research reflects the main forms of online communication in social media: social networks (Facebook, VKontakte, etc.), blogs, joint sites (Wikipedia), art exchange sites (YouTube, Instagram), instant messengers (WhatsApp, Telegram), microblogging (Twitter) and much more (Popov et al., 2019). The use of various means and opportunities for communication and self-realization leads to an expansion of the social circle of communication, contributes to the preservation of traditions and the maintenance of contacts. In addition, communication supported by technical capabilities leads to the preservation of cultural ties, the coexistence of different cultures on the Internet (Quattrociocchi et al., 2015). Social media is shaping a social learning model that leads to the formation of opinions and communities that support this opinion (Sikder et al., 2020).

It can be stated that social media has long gone beyond the original content, but communication functions are still the main function of social media.

## **6.2. The political stage in the development of social media.**

Social media acts as a means of shaping public opinion. This stage in the development of social media can be called political, since opinions, as a rule, began to be actively used to shape the political views of young people and the protest movement. Analysis of extensive research on the political use of social media has shown that politicians use social media in the form of populist communication models that can subsequently shape political communication (Mazzoleni & Bracciale, 2018). A study by Dong et al. (2017) indicates that social media is a tool for civic mobilization on the Internet and can become a developmental environment for nationalist and populist discourses. In addition, social media become active participants in political life, engaging voters in politics, ensuring their attitude to the situation and politicians, as well as confidence in their opinion (Lee, 2020).

Thus, social media perform political functions, which can have both positive and negative consequences for the stability of national economies.

## **6.3. The economic stage in the development of social media.**

Social media is becoming a business tool, being actively implemented in the business models of firms, which is due to the involvement of consumers in active participation in value creation, interaction and promotion (Szolnoki et al., 2018). We can talk about the economic stage of the development of social media.

Marketing and promotion of products and companies became one of the first economic directions of social media development, since communication and marketing are very functionally close. Social media empowers companies to take consumer opinion into account and engage them in product dialogue (Grizane & Jurgelane-Kaldava, 2017), advertise products and services (Voorveld et al., 2018), gain insight into consumer preferences, and innovate brand (Nguyen et al., 2015). As a result, firms have effective tools to manage brand and consumer loyalty, and consumers can express their identity (Alarcón et al., 2018), meet their social needs, and share experiences of consuming goods and services (Christodoulides, 2009).

Social media are not only a marketing tool, but using network effects, they become large media platforms with monopoly power, form their own entrepreneurial ecosystems. Social media is becoming not only a platform for exchange, but also a platform for accumulating national and transnational capital (Jia & Winseck, 2018).

Social media can be used to develop economic forecasts based on the analysis of online social media publications, such as the quantification of small business dynamics as a function of natural disasters by Eyre et al. (2020).

Thus, the commercialization of social media forms a new set of rules for interaction, cooperation and rivalry in the markets, causing distortion of competition and the need to develop strategic behavior, transformation of business models (Orehova, 2018).

#### **6.4. The regulatory stage in the development of social media.**

The stages of development of social media outlined above necessitate regulation of the social media space and the formation of their regulatory functions when the state uses social media to regulate significant processes, taxation, etc. In addition, social media carries risks for individuals, firms and society, such as cyberbullying, addiction, trolling, online witch-hunting, fake news, and abuse of privacy (Baccarella et al., 2018), which also explains the need for regulation of social media.

The primary link of regulation is the monitoring and regulation of personal data protection, i.e. addressing issues of transparency, accountability and confidentiality (Bekkers et al., 2013).

Broader approaches to regulation involve content analysis in order to identify socially dangerous trends: alcohol and psychoactive substance use (Hassanpour et al., 2019), doctor-patient interactions (Neville, 2017), government, judicial and other oversight. government power, attracting government attention (Dong et al., 2017).

Thus, social media, having emerged as a system of communication between individuals, has gone through a number of stages in the process of its development and today represents a powerful economic platform that requires the development of rules for interaction and regulation of the behavior of all participants in these relations.

### **7. Conclusion**

The functional analysis of the practice of using social media presented in the work made it possible to identify the following stages of their development: 1) social, in which social media are considered as a communication tool; 2) political - social media act as a means of shaping public opinion; 3) economic - social media are becoming a business tool, are actively being introduced into the business models of firms; 4) regulatory - the state uses social media to regulate significant processes, taxation, etc. The analysis of the stages of social media development showed that the natural evolution of social media requires a multifaceted analysis, the priority of which is to streamline the rules of interaction at all stages of social media development.

Thus, we can state the formation of one of the economic institutions of the digital economy - social media. Social media as an institution of the digital economy reflects the interaction of economic agents aimed at reducing the transaction costs of exchange, including information as an economic resource. This study is an early stage in the study of the institutional nature of social media and presents some of the findings from social media research in different countries.

The results obtained confirm the need for an interdisciplinary study of social media as a public institution. The most important areas of research are the development of new measures of the impact of social media on entrepreneurship and the formation of new business strategies, as well as on the regulatory policy in the field of social media, which requires the support of behavioral and legal sciences.

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