



Dividing or uniting Europe? Internet usage in the EU

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ABSTRACT

Using Heckman's sample selection procedure, we first analyse access to the Internet and then specific Internet usage given individual Internet access, across the EU countries using Eurobarometer data for 2004 and 2005. Internet access varies more within countries than between them. But the reverse is the case for Internet usage given access. Two specific country attributes are identified: first gross national income and the rule of law reflecting the extent to which people have confidence in the security of the Internet. Further variables also emphasize the importance of trust.

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1. Introduction

The Internet and associated technology is changing every aspect of people's lives, including the way we shop, socially interact, spend leisure time, bank, work, obtain information, get health care and advice. With these developments come changes in physical infrastructure. The Internet itself has no marble entrance hall, and is located in cyberspace rather geographical space. Anyone can 'walk in' and potentially gain from services, education, information, social contacts, etc. Thus the Internet has the potential to reduce past disadvantages, such as lack of access by those in remote areas to services in large towns and cities. On the other hand, those who do not have access to the Internet will be at an increasing disadvantage. The 'digital divide' may be creating new inequalities, new dimensions of social and economic disadvantage.

To what extent is there a digital divide in Europe, both between European countries and within countries? Aggregate

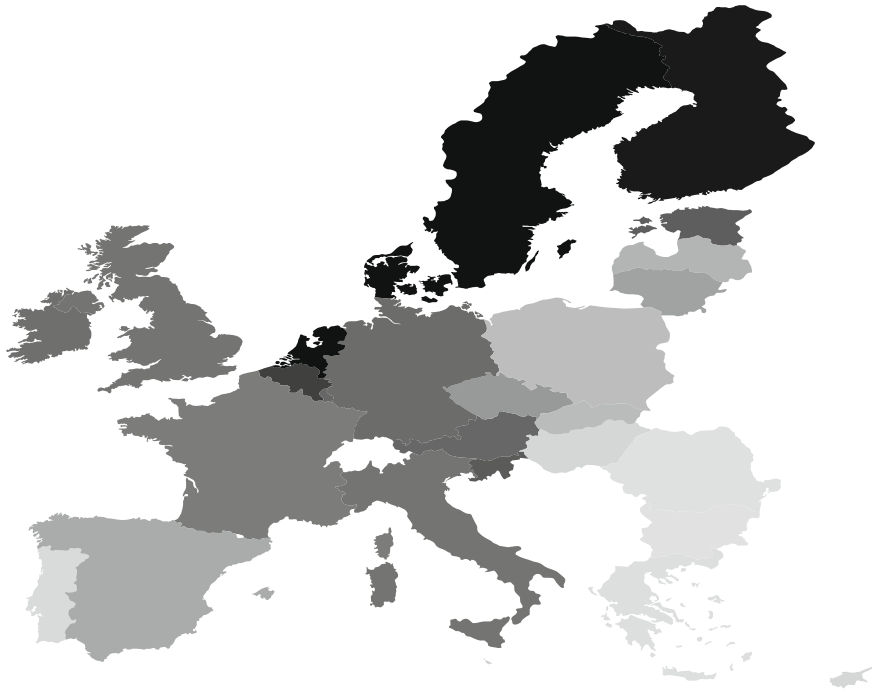
data on the EU, as can be seen from Figs. 1 and 2, suggest that there are substantial differences between countries in terms of Internet usage and access. In addition, several of the papers we subsequently review suggest that, even in those countries where take up has been greatest, there have been substantial variations across socio-economic characteristics. These differences suggest that barriers to the adoption of this relatively new technology have varied by country.

We seek to answer the following research question: why is there a digital divide across countries in the EU? To address this question, we will make use of Eurobarometer data for 2004 and 2005. We shall further explore why there are differences within countries and how these differences compare with those found in other studies, particularly in the USA.

The context of our analysis is interdependent decision making whereby usage of the Internet for a specific purpose is dependent upon first having access to the Internet. To allow for this interdependence, we use a Heckman probit sample selection model (Heckman, 1976, 1979). Our methodology is similar to that employed by Goldfarb and Prince (2008) to analyse Internet usage in the USA, and

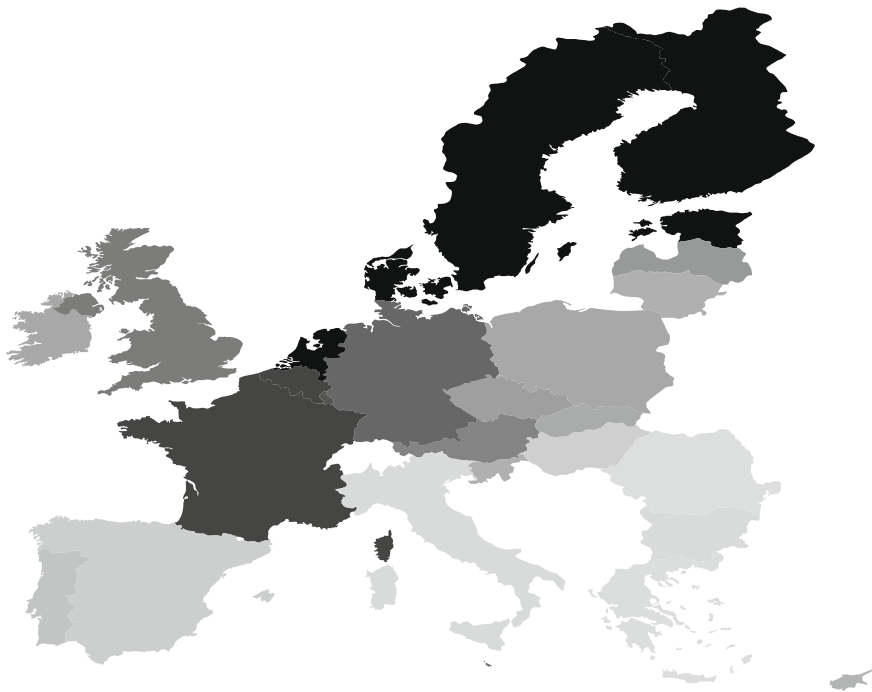
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Note: The shading increases with Internet access, based on the 2005 Eurobarometer data set

Fig. 1. Internet access in the EU.



Note: The shading increases with Internet Banking usage, based on the 2005 Eurobarometer data set

Fig. 2. Internet banking usage amongst those with Internet access in the EU.

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