

Super-fast broadband may have negative side effects for companies

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The latest expansion of optic fiber broadband creates conditions for parallel expansion of mobile broadband. A study argues that the negative effect is mainly due to mobile broadband. The argument is supported by the fact that the effect does not exist in the countryside, where mobile broadband has poor coverage..

"Of course, it's difficult to believe that the [internet](#) is negative for companies—and we don't think that is the case: The internet and broadband are probably good for companies. What we found is rather that the latest developments in technology have a negative side effect on productivity, and it's important to highlight this trend and investigate it further," says Martin Nordin, associate professor in labor market economics and one of the authors of the study.

"We saw that the [negative effect](#) first appeared in 2011. As this coincided with the start of the 4G network expansion, there is reason to believe that the effect is connected to mobile broadband. When an area gets optic fiber, it can be assumed that 4G transmission masts for mobile broadband are also set up," continues Martin Nordin.

The negative productivity effect is greater for companies whose employees mix private and job-related internet use. "If it's correct that the effect is due to [mobile broadband](#), the effect is not only linked to what happens at work. Internet use outside work also has an effect," says Martin Nordin.

Psychologists have shown that new media habits in combination with smartphones mean a constant stimulation of our social reward system. It has been claimed that smartphones affect sleep patterns, depression, suicide risks among young people, performance at school and accident risks.

"Stating that smartphones have negative effects isn't controversial. Research shows that we are disturbed every 12 minutes by our smartphones, for example. What is new about our study is that we investigate if there could be negative effects on companies' finances," says Martin Nordin.

The effect is not influenced by either the choice of method or control variables. "It is unusual to find such a stable effect. Regardless of the statistical procedure, the results don't change. For example, when providers used different strategies to roll-out broadband, it implied a [negative impact](#) in areas with a high [broadband](#) uptake. Thus, we are convinced that there is a negative effect. The uncertainty mostly relates to what causes the effect. We suggest that smartphones may be the culprit," concludes Martin Nordin.

The study covers the period from 2007 to 2014 and is based on firms in Sweden.

Provided by Lund University

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