

# **International Journal of Language & Linguistics**

ISSN: 3083-9823

## **The Impact of Media Literacy on Economic Perception and Decision-Making: A Critical Analysis of Late 21st Century Developments**

**Nur Dania Rizalman<sup>1</sup>, Lulu Farida<sup>2</sup>**

<sup>1</sup>Department of English Language & Linguistic, Universiti Teknologi MARA, Malaysia

<sup>2</sup>Department of English Language, Universitas Negeri Semarang, Indonesia

Corresponding author: [lulu.farida@unnes.ac.id](mailto:lulu.farida@unnes.ac.id)

### **Abstract**

In today's rapidly evolving digital landscape, media literacy has become an essential skill for navigating the complex web of information shaping economic perceptions and decision-making. This study examines the significant influence of media literacy on individuals' ability to critically analyse economic messages, identify biases, and make well-informed decisions. Through an extensive review of scholarly literature and theoretical frameworks, the research highlights the role of media literacy in fostering curiosity, enhancing critical thinking, and promoting active engagement with economic discourse. By exploring case studies and real-world examples, the study underscores the importance of media literacy in helping individuals address misinformation, understand economic policies, and contribute to public discussions. The findings emphasise the need for media literacy education to empower informed decision-making and create a more economically aware society.

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### **Article Info**

Received: 04 February 2025

Revised: 21 March 2025

Accepted: 25 March 2025

Available online: 31 May 2025

### **Keywords**

Acehnese language

Tsunami

Linguistic preservation

Post-disaster recovery

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## **1. Introduction**

In the rapidly evolving digital landscape of the late 21st century, media literacy has emerged as an essential skill for navigating the complex web of information that shapes our economic perceptions and decision-making processes. Individuals are inundated with economic news from a myriad of sources, including traditional media outlets and social media platforms. Consequently, the ability to critically assess, interpret, and utilise this information has become more important than ever.

This critical analysis delves into the profound impact of media literacy on economic perception and decision-making. It explores how enhanced media literacy can empower individuals to make informed financial choices, recognise biases, and understand the broader economic implications of the information they consume. By examining recent developments and trends, this study aims to shed light on the pivotal role of media literacy in fostering a more informed and economically savvy society.

McNelly and Harvey (2021) discuss the role of media literacy in shaping critical thinking and decision-making, which can indirectly relate to economic sufficiency and purchasing behaviour. They highlight how media literacy education empowers individuals to critically evaluate media messages, including

advertisements and economic information. This skill is crucial for making informed purchasing decisions and understanding the broader economic implications of media content.

Social media is deeply integrated into our lives, serving diverse needs such as news updates, entertainment, staying connected with loved ones, product reviews, emotional support, workplace tasks, and keeping up with trends (Kapoor, Tamilmani, Rana, Patil, Dwivedi, & Nerur, 2018). These aspects underscore the significant role media literacy plays in shaping economic perceptions and decision-making in the late 21st century.

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## **2. Result and Discussion**

### **Economic and Social Impacts of Media**

Kapoor, Tamilmani, Rana, Patil, Dwivedi, and Nerur (2018) clarify how social media significantly shapes both the economic and social aspects of modern life. Economically, social media has transformed how businesses connect with consumers, influencing marketing strategies, consumer behaviours, and online sales. Socially, it facilitates personal connections, emotional support, and access to information, impacting community building and social interactions. This dual influence highlights social media's integration into daily life as a platform meeting diverse needs, from work management to cultural trends.

McNelly and Harvey (2021) explain that media literacy plays a crucial role in shaping critical thinking and decision-making, which can influence economic well-being and purchasing behaviour. They highlight that media literacy education empowers individuals to critically evaluate media messages, including advertisements and economic information. This skill is essential for making informed purchasing decisions and understanding the broader economic implications of the media they consume. Valtonen et al. (2019) emphasise that media literacy is essential in the digital age as it enables people to critically assess, produce, and consume a wide range of media. This skill extends to financial concerns, allowing individuals to understand complex economic principles and recognise their real-world applications.

Social media platforms like Facebook, WhatsApp, Twitter, YouTube, LinkedIn, Pinterest, and Instagram are commonly associated with the term. These platforms rely on user-generated content and have a significant influence in various areas, including consumer behaviour, entrepreneurship, politics, and venture capitalism (Greenwood & Gopal, 2015). Facebook holds the leading position in the social media industry, boasting 1.97 billion active monthly users as of 2017 (Statista, 2017). Social media platforms are inundated with photos and videos, with Snapchat alone reporting approximately 400 million snaps daily and around 9,000 photos shared every second (Lister, 2017). On Facebook, 50 million businesses actively use business pages, while two million businesses leverage its advertising features. Additionally, 88% of businesses utilise Twitter as a marketing tool (Lister, 2017).

It is essential for people to evaluate economic arguments presented by the media, as economic policies play a growing role in politics and governance (Balcilar et al., 2022). Social media campaigns can strongly influence election outcomes, so understanding the key economic issues behind the messaging is critical. This ability can shape the future of entire nations.

### **Social Media Advertisement**

Social media platforms often feature various types of advertisements, such as banner ads, ads tailored to browsing habits, and ads targeting specific demographics like age, gender, or education level. These ads can shape how teenagers and preteens shop and even influence their ideas of what is socially or culturally "normal." Parents need to pay special attention to behaviour-based ads, as these are prevalent on social media. These ads collect data about a person's online activity and then personalise advertising to appeal specifically to them.

Kunkel et al. (2004) claim that this targeted influence begins the moment children start using the internet and sharing their information online. Helping young users understand how these ads work can empower them to make informed choices. It is crucial to inform parents, children, and teenagers about this practice, enabling children to become media-savvy consumers who can recognise and resist the manipulative tactics of advertisements (O’Keeffe & Clarke-Pearson, 2011).

Moreover, the design and features of platforms influence how people grasp economic concepts. Caliandro and Graham (2020) argue that visual platforms, such as Instagram, can make complex economic ideas more accessible and easier to understand.

### **Framework for Media Literacy Impact**

Polanco-Levicán and Salvo-Garrido (2022) discuss the evolution in the broadcast of economic knowledge. They note that while print and television media traditionally transmitted information in one direction, the modern digital age has made economic information more widely available and dynamic. This change necessitates evaluating the reliability of sources, identifying hidden biases, and confirming the accuracy of economic figures.

Mukhtar and Putri (2021) examine the connection between media literacy and individuals' ability to process economic information, reflecting the challenges of distinguishing fact from misinformation in today's media landscape. Their study highlights how enhanced media literacy enables individuals to engage in more meaningful discussions about economic issues, avoid common misconceptions, and actively contribute to public discourse and decisions influencing fiscal policy.

Valtonen et al. (2019) emphasise that media literacy encourages curiosity, a valuable skill in economic discussions where it is essential to scrutinise factual data and expert opinions. Similarly, Aufderheide's early 1990s research, as cited by Arshad et al. (2022), emphasised that media literacy includes not only understanding media content but also critically evaluating the objectives and processes involved in its production. Media literacy fosters curiosity and critical thinking, helping people understand data and messages in economic discussions. It is a key skill for making sense of complex issues and participating effectively.

### **Critical Analysis and Decision-Making**

Swim et al. (2023) explored the link between media literacy and critical thinking, reinforcing its importance. Their findings revealed that individuals with higher media literacy demonstrated stronger abilities to critically evaluate economic arguments and were less likely to accept overly simplistic explanations. Such skills are crucial, as economic data and forecasts often vary significantly across different sources.

Hobbs (2021) emphasises the emergence of media literacy in the late 20th century and its profound effect on how people understand and interact with economic news. James Potter underscores the importance of strong critical thinking skills in investigating how consumer confidence and financial decision-making are influenced by media portrayals of the economy.

Demidov et al. (2019) and Mukhtar & Putri (2021) note that the growth of media literacy studies has led educators and economists to recognise the importance of understanding how media affects economic socialisation. In a society increasingly reliant on media, media literacy extends beyond basic reading and writing skills. It involves the ability to evaluate and critically analyse the complex messages encountered daily (Rasi et al., 2019). This study focuses heavily on social media due to its significant role in shaping public opinion and enhancing critical thinking, particularly regarding economic matters. Jones-Jang et al. (2021) highlight the role of media literacy in fostering critical analysis, particularly when navigating economic articles filled with technical jargon. Media literacy equips individuals to identify biases and decipher the intended messages from economic news outlets. It is crucial to examine how various outlets report on economic issues, as their coverage often aligns with corporate or political interests.

### **Challenges in Media Literacy**

Steeves (2014) and Wineburg et al. (2016) provide evidence that, despite the benefits of engaging with media, young people often struggle to critically assess and evaluate media content. Gilmour (2023)

highlights significant challenges in media literacy, particularly in navigating the overwhelming 24/7 news cycle, which often results in information overload and mental fatigue. Gilmour emphasises the importance of taking breaks and critically reflecting on news to evaluate its credibility and discern reliable from unreliable information. This thoughtful approach aims to mitigate the effects of constant news exposure, encouraging a mindful and analytical method of media engagement to enhance media literacy.

The evolving media landscape, shaped by the rise of new information formats and social media storytelling, has been pinpointed as a key driver of social challenges. Pfaff-Rüdiger and Riesmeyer (2016) highlight the pressing need to help individuals build metacognitive skills, enabling them to better comprehend media content and thoughtfully evaluate the social and informational cues they encounter. This development is crucial for fostering critical reflection and informed decision-making in today's complex media environment.

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### **3. Conclusion**

#### **Research Design**

This study adopts a qualitative approach to analyse the impact of media literacy on economic perception and decision-making. The focus is on synthesising existing research and theoretical frameworks to provide a comprehensive understanding of the topic.

#### **Data Collection**

1. Literature Review: An extensive review of scholarly articles, journals, and reports was conducted. Key sources include studies by Valtonen et al. (2019), McNelly and Harvey (2021), and Mukhtar and Putri (2021). These works focus on media literacy, its role in critical thinking, and its influence on economic decisions.
2. Content Analysis: Analysis of case studies and examples from academic literature that illustrate the practical applications of media literacy in economic contexts. This includes examining instances of media's role in shaping public opinion on fiscal policies and consumer behaviour.
3. Theoretical Frameworks: Established models of media literacy, such as Potter's cognitive model, are used to frame the analysis, highlighting key components like critical evaluation, bias recognition, and economic engagement.

#### **Data Analysis**

1. Thematic Analysis: Identification of recurring themes such as critical analysis, decision-making, and the influence of media literacy on economic behaviour.
2. Comparative Analysis: Evaluation of how media literacy impacts individuals' economic decisions across different contexts and media platforms.

#### **Ethical Considerations**

All sources used were publicly available academic works, ensuring ethical compliance with copyright and intellectual property guidelines.

#### **Limitations**

This study is limited to secondary data and does not include new primary data. As a result, its findings rely on the quality and scope of existing literature.

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#### 4. Conclusion

The document underscores the significant role of media literacy in shaping economic perceptions and decision-making, especially in the digital age. It highlights how media literacy empowers individuals to critically evaluate economic information, identify biases, and make informed financial choices. With examples from real-world scenarios, the study emphasizes the importance of media literacy education in addressing misinformation and understanding economic policies, ultimately fostering a more economically aware and engaged society.

The findings advocate for integrating media literacy as a fundamental skill, as it enhances critical thinking, curiosity, and active participation in economic discourse. By doing so, individuals are better equipped to navigate the complexities of the modern media landscape, enabling them to make sound economic decisions and contribute to broader public discussions.

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