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Information and Communication Technology (ICT) and Income Inequality in ASEAN-5 Countries

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Abstract

Digital economy basically refers to an economy that is based on digital technologies. Embrace of digital economy transforms the economic growth of a nation. Countries that are blessed with a successful digitalization can boost its economic performance; however, it might trigger the income inequality of a country. On this note, income inequality in ASEAN country is relatively higher than other countries. Hence the aim of this study is to examine the relationship between ICT and income inequality in ASEAN-5 countries over the study period of 2009 to 2018. Employing static and dynamic panel data estimation method, the results show mobile-cellular telephone subscription to have the strongest effect on income inequality among the ICT indicators. The findings suggest countries to focus on the innovation of ICT especially on the mobile-cellular telephone subscription, fixed broadband subscription and fixed telephone subscription to achieve economic growth and hence reduce income inequality. Investments in ICT infrastructure promote ICT technology cooperation as well as the advancement of ICT especially on the rise in employment in ICT sector, transformation of government services into digital form to confront with the income inequality.

Keywords: Information and communication technology, economic growth, income inequality, ASEAN-5

Introduction

Information and Communication Technology (ICT) refers to the telecommunications that provide the access of information primarily on communication technology. ICT often studied how modern communication technologies affect society includes Internet and wireless network as well as other communication mediums via instant messaging, voice over IP (VoIP) and video-conferencing. ICT plays an important role to gain the competitive advantage on the development of a country (Seki, 2008). The expanding of ICT has a promising potential to generate foreign exchange earnings as well as job opportunities to enable a firm to increase the productivity and profit (Spiezia, 2012). With the positive expected contribution of ICT development toward the economic growth of a country, it is