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

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### Abstract

Digital transformation spreads across borders, globalization develops or transforms the economics growth of a nation. Information and communication technology (ICT) fosters the economy; however, it might trigger the income inequality of a country. On this note, income inequality in ASEAN country is relatively higher than other countries. 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 2017. Employing panel data estimation method, the results show volume of internet users is found 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 internet users, mobile cellular 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 expansion of ICT especially on the network access to confront with the income inequality.

**Keywords:** Information and Communication Technology, Economic Growth, Income Inequality, ASEAN-5

### Introduction

Information and Communication Technology (ICT) acts as a backbone of technology growth and development of a nation. ICT is an important pillar for a country to gain the competitive advantage on the development of a country (Seki, 2008). ICT is useful to enable a firm to increase the productivity and profit and it facilitates the increase of the individual and household income (Spiezia, 2012). However, ICT growth may mitigate income inequality due to the contribution of ICT to economic growth offers many approaches to combat poverty (Roller & Waverman, 2001).

Income inequality refers to the uneven distribution of income in a population. Decrease in income inequality will contribute to the economic growth according to Organization for Economic Cooperation and Development. This is because in societies with high income inequality many may suffer from high poverty, high crime rates, poor public health and low education level (Birdsong, 2015). This will harm the economic growth of a country. Thus, income inequality is an important issue to overcome to boost the economic growth in the country.