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## ICT and Economic Integration on Growth in ASEAN Region: Dynamic Panel GMM Approach

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### Abstract

Southeast Asian Nations (ASEAN) observed rapid economic growth in the last few decades. This study aims to investigate whether economic integration and information and communication technology (ICT) promotes economic growth in ASEAN. It further examines the role of ICT for economic integration and growth relationship with respect to ICT readiness and usage. The study undertook panel data over 21 years (1997 – 2017) and employed Generalized Method of Moments approach for estimation of results. The results revealed that economic integration and ICT enhance economic growth. Moreover, enhanced ICT stimulates the impact of economic integration on economic growth. The results also confirmed a more substantial effect of ICT readiness on economic growth as compared to ICT usage.

**Keywords:** Economic Integration, Information And Communication Technology, Economic Growth, ASEAN, GMM

### Introduction

Economic growth enhancement is the principal objective for every economy that has been significantly contributed by international trade (Shuaibu, 2015 and Ogbuabor et al., 2019). Krugman (1979) suggested that international trade of differentiated products can be beneficial as market forces will channel resources to more productive sectors, causing efficiency enhancement. The increase in efficiency will further enhance total productivity and growth in the economy. To elevate economic growth, every country aims to enhance international trade, but there are specific trade barriers. Therefore, many countries unified their economic policies to eliminate trade barriers fully or partially. This consolidation and minimization of tariff and non-tariff restrictions on trade is known as economic integration (Mohanty & Pohit, 2007; Danquah et al., 2013; Heshmati, 2016; Ogbuabor et al., 2019).

Association of Southeast Asian Nations (ASEAN) is economic integration of ten Asian countries. It was established on 8<sup>th</sup> August, 1967 with the purpose of enhancing economic growth, cultural development and social progress to make it peaceful and prosperous through integration. ASEAN observed a significant rise in trading activities in the last few decades due to regional as regional trade cooperation was an imperative aspect of ASEAN's declared common goals (Hew, 2008). ASEAN Free Trade Area (AFTA) agreement contributed