Economic Digitalization And Economic Openness In Thailand

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Abstract

This research examines economic digitalization and economic openness in Thailand. We use secondary data from the world bank with a research period from 2000 to 2020. Then the data is analyzed to determine the effect between variables using ARDL. We founf that economic digitalization is getting stronger with economic openness where the more open a country is, the stronger it will be in economic digitalization. Import of information technology is something that can improve domestic technology and become stronger in carrying out the process of digitizing the economy. Investment becomes a supporter of digital economic growth so that investment, economic openness and technology imports become one supporting unit for economic digitalization.

Keyword : Economic Digitalization, Economic Openness,Business, Thailand
JEL Classification : C31, I10, Q40.

Received: July 1,2022 Accepted: October 1,2022
DOI : 10.54204/TMJI/Vol712022011

Background

The spread of the COVID-19 virus has slowed the world down due to restrictions on moving travel or meetings but in the digital world Things are changing faster than ever. and whether we realize it or not (Haleem, Javaid, & Vaishya, 2020). Digital has become a part of our lives. Starting from using Social Media, buying and selling products, playing games, watching movies, ordering food, traveling or even studying (Wang, 2021). Like it or not, the business groups or industries that benefit are those related to digital or online technology. This can be seen from the fact that technology stocks on overseas stock markets have risen tremendously over the past year (Mhlanga, 2020).

The term "digital economy" refers to a brand-new sector of the economy that operates mostly online and is supported by digital technologies. This is the application of technology to enhance productivity and add value to various economic operations, both in the service, sales, transportation, and industrial industries (Sturgeon, 2021).

Consumer internet behavior in six countries: Thailand, Vietnam, Philippines, Indonesia, Malaysia and Singapore. It is estimated that by 2020, the digital economy in the ASEAN region will grow to a value of more than 100 billion US dollars. and will grow to US$300 billion by 2025 (Karim, Naz, Naeem, & Vigne, 2022). Meanwhile, in 2020, Thailand's digital economy is expected to grow by 7% compared to the previous year. It will be worth 18 billion US dollars. This is the market with the second largest digital economy in ASEAN after Indonesia. And the digital economy is expected to grow to 53 billion US dollars or about 25% growth in 2025. It was also found that in 2020 there were new internet users (Liu, Yang, Li, & Zhong, 2022). Both in Vietnam, Thailand, Philippines, Singapore, Malaysia and Indonesia. increased by more than

40 million, so the number of users increased to 400 million, which represents 70% of the population in ASEAN with a total of 600 million people, while Thailand has new Internet users which increased by about 30% of All internet users. This reflects that Thai people have access to more and more internet (Nawaz, Azam, & Bhatti, 2019). In almost every area of the digital economy, both in Thailand and the ASEAN region, the level of penetration is still very low, so that more and more foreign investors or digital platforms are turning to invest in the ASEAN region. For Thailand, it will be found that E-commerce is the biggest growth in digital business with 81% year over year. Its value is about 9 billion US dollars. and is expected to grow to $24 billion by 2025 (Morgan, 2022).

Looking at industries with attractive business opportunities, three that stand out are digital financial services (FinTech) (payments, money transfers, loans, insurance, and investments). SMEs in Thailand have turned to digital financial services like never before. and besides lending services The value of transactions including digital payments (Payments) also grew higher, so that next year it is expected that there will be significant movement from Thai banks and also Thai FinTech (Imerman & Fabozzi, 2020). There are also two industries that are growing rapidly during COVID-19, health technology (HealthTech) and educational technology (EdTech), which are also interesting and worth observing (Amungo, 2022).

The new environment of the world The economic model has changed, so will the country Will there be a small or large economy?

However, if there is digital and technological readiness that can connect the two between government agencies and between the public and private sectors (Shirahada, Ho, & Wilson, 2019). And a workforce that is able to utilize technology will potentially compete in the economy in the coming era (Novakova, 2020). This study aims to investigate the digital economy and openness of the Thai economy

Research Methods

This research examines economic digitalization and economic openness in Thailand. We use secondary data from the world bank with a research period from 2000 to 2020. Then the data is analyzed to determine the effect between variables using ARDL. This type of research is a type of quantitative research with the following equation:

$ED_t = \beta_0 + \beta_1 EO_{t1} + \beta_2 Iu_{t2} + \beta_3 I_{t3} + e_t$

Where:

ED = economic digitalization

EO = Economic Openess

ITI = Information Technology Import

INV = Total of growth of investment

e = Error term

$\beta 0$ = Parameter constant / Intercept

$\beta 1$, $\beta 2$, $\beta 3$, = The coefficient of the independent variable

t = time series

Results and Discussion

The initial stage that we use in carrying out the analysis is to use stationarity testing. Stationary data is needed in autoregression testing. We use unit root tests. Table 2 displays the outcomes of the unit root test.

Table 2. Stationarity Test Results

	Level		First Different	
	Prob.	Caption	Prob.	Caption
ED	0.2292	not stationary	0.0001	stationary
EO	0.3232	not stationary	0.0001	stationary
Iu	0.0001	stationary	0.0001	stationary
I	0.2932	not stationary	0.0001	stationary

Information: 5% probability

Based on the test results in table 2. All variables are stationary in the first different. So the next step, we use the first different to test the causality of the independent variables on the dependent variable. We use ARDL to do the testing

Table 3. ARDL Test Result

Name	Coefficient	T-statistics
EO	0,32133	-0,52224
ITI	0,43312	-0,33232
INV	0,39981	-0,42321

From the results of the ARDL test for economic openness, technology imports and investment have a significant positive effect which shows that economic digitalization is getting stronger with economic openness where the more open a country is, the stronger it will be in economic digitalization. Import of information technology is something that can improve domestic technology and become stronger in carrying out the process of digitizing the economy. Investment becomes a supporter of digital economic growth so that investment, economic openness and technology imports become one supporting unit for economic digitalization

Conclusion

Economic digitalization is getting stronger with economic openness where the more open a country is, the stronger it will be in economic digitalization. Import of information technology is something that can improve domestic technology and become stronger in carrying out the

process of digitizing the economy. Investment becomes a supporter of digital economic growth so that investment, economic openness and technology imports become one supporting unit for economic digitalization

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