

Chapter 16

Impact of Digitalization on Economic and Social Aspects

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ABSTRACT

The chapter aims to understand the impact of mobile and broadband subscriptions on the ease of doing business and per 100 people trade volume that might be critical in facing a pandemic of recent type in the future. On the one hand, the ease of doing business has been gaining popularity over the years as an indicator of where to set business. On the other hand, the spread of mobile subscriptions and broadband and their conjugation has significantly impacted modern-day business. Moreover, trade has already proven itself as the engine of growth. With this background, the chapter intends to determine the impact of the digital duo on ease of doing business and per 100 trade volume. The study is holistic in nature. It considered 128 countries in the world regarding the variables ease of doing business ranking (dependent), per 100 capita trade volume (dependent), and per 100 broad brand penetration (independent variable) along with per 100 mobile subscriptions (independent variable) for the years 2019 and 2020, and then opted for a pooled regression analysis with robust standard errors.

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INTRODUCTION

It is no exaggeration that we live in a digital era. Machines have replaced manual activities, and the entire human genome has almost become a cyborg. Digital intervention in human life was there before; there were dishwashers, jukeboxes, and many other home appliances easily called substitutes for human activities. But the surge that came in the 1990s and is still following us promoted the digital world to a new echelon. Such changes became more prominent after the internet and smartphone conjugation, which offered a time and spaceless environment and penetrated our personal lives, especially social interaction.

The telephone itself was a path-breaking invention, but it was geographically restricted, whereas mobile phones keep a person in touch with others while moving. Social websites like Facebook, Twitter, and Snap Chat have spanned the human arena and kept them in constant touch and interaction. Various government agencies in different countries have digitized their mechanisms. So that people can approach them more frequently and easily.

So far, it is apparent that digitalization has made social and economic interaction easier. But can it be a concluding remark? Internet forgery has increased, and increased interaction among people has given birth to further friction.

In this background, the present chapter delves into this vital aspect: how digitalization may have impacted the economic and social aspects, the associated risks, and what lies in the future.

The production regime that followed the Fordist era was unique in its availability of information at a lower cost, irrespective of the geographical boundaries around the world. A conjugation of microelectronic revolution and independence from the regulatory regimes following Uruguay and GATT negotiations around the world made this possible (Garnham, 1990; Goddard & Gillespie, 2017; Hepworth, 1990). Harvey (2010, 2020) coined it as the convergence of time and space, and Poster (1990) portrayed the same as an electronic uprising that transformed knowledge's content and the process of attaining it. This particular production mode (Castells, 1989) was backed by a series of collective calamities that were random and consistent in tandem. The collapse of the Bretton-Wood method, resorting to floating from a fixed exchange rate, and the OPEC crisis during the second half of the 1970s unconfined an enormous amount of Petro-dollars, which tossed the West into an ambiance constructed by stagnation and inflation, popularly known as stagflation, are some of them. The developing countries' debt escalated to a towering height, and a swap between equity debt and debt became usual (Corbridge, 1984).

Moreover, Japan has poised itself as the emerging financial epicentre of the world. The explosion of the Euro market, proceeded by the demur of time-tested industrial nations like the United Kingdom and the United States of America, paved mainly by the Thatcher and Regan governments, respectively, created an emptiness in the global economic ambiance and Japan from Asia, along with Germany from Europe, were more than apt and willing to fill that space (Vogel, 1985; Walter, 1988).

Furthermore, the intelligent mode of production that opted for real-time inventory systems through automation and innovation by multinational corporations who believed in spreading their business irrespective of time and space eventually replaced the state monopoly and embraced globalization. Finally, the much-awaited fragmentation of Soviet Russia led to the realization that the world ambiance from now on would be more dynamic than static (Graham et al., 1988).

The amalgamation of the financial systems around the world was made possible by the aforementioned alteration of telecommunication (Marshall, 1987). Simply, a country's comparative advantage over others becomes subject to the trio of data processing, data transformation, and improved telecommunication (Gillespie & Williams, 2016).

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